

# JOURNAL

OF THE

## AMERICAN BANKERS ASSOCIATION

### Deferred Classification of Essential Bank Men

By THOMAS B. PATON, General Counsel

UNDER the original draft law of May 18, 1917, registrants (ages 21 to 31) might be given a deferred classification when "engaged in industries, including agriculture, found to be necessary to the maintenance of the military establishment or the effective operations of the military forces or the maintenance of the national interests during the emergency." District Boards which had exclusive jurisdiction of cases of this sort ruled that banking was not an industry within the meaning of the law and bank clerks could not be given a deferred classification by reason of their employment.

On August 31, 1918, the original law was amended to provide for the draft of male citizens between the ages of 18 and 45 and it included among registrants who might be given deferred classification those "engaged in industries, occupations or employments, including agriculture, found to be necessary," etc.

In the Official U. S. Bulletin of Wednesday, September 4, 1918, appeared an item headed "Draft Boards may include bankers in deferred class" and announcing that "The War Department authorizes the following from the office of the Provost Marshal General: Bankers and persons engaged in other occupations and employments not, heretofore, regarded by District Boards as warranting deferred classification on the ground of necessary industries, may now claim deferred classification on the ground that their work is necessary to the nation in the present emergency."

Based on the above, the American Bankers Association on September 10, 1918, issued to their members a "Special Bulletin concerning draft," the first paragraph of which stated: "The Provost Marshal General has ruled that banking is an occupation necessary to the maintenance of the national welfare; and that skilled officers and employees of banks may claim exemption or deferred classification under the new draft law on the ground that their services are vital to the continuance of the business in which they are engaged."

#### EXCLUSIVE JURISDICTION OF DISTRICT BOARD TO DETERMINE NECESSITY OF BANK AND BANK MEN

Later, the above circular was modified upon receipt of a letter from the office of the Provost Marshal

General under date of September 25, which stated that the circular "is unobjectionable except that part of the first paragraph which reads: 'The Provost Marshal General has ruled that banking is an occupation necessary to the maintenance of the national welfare.' Relative to this sentence, I invite your attention to the fact that the determination of the question as to whether or not any occupation, employment, industry or agricultural enterprise is necessary to the maintenance of the military establishment, or the effective operation of the military forces, or the maintenance of national interests during the emergency, is solely and exclusively for the District Board of the proper jurisdiction; and further that the only method of classification is that of the individual filing his claim with the proper Local Board, which claim is forwarded to the District Board, bearing the Local Board's recommendation for or against the allowance of the claim. It is true, however, that a claim may be filed on behalf of a registrant when the registrant fails or neglects to claim his own deferment \* \* \* Under the law and regulations, it is not within the jurisdiction of the Provost Marshal General to rule that any occupation is necessary, and such a ruling would be an invasion of the authority and jurisdiction of the District Board, vested by law with the determination of that very question."

Further, in response to an inquiry submitted by the Federal Reserve Board, the Provost Marshal General, under date of September 16, 1918, ruled as follows: "Under this amendment (of August 31, 1918) District Boards may properly consider claims for deferred classification of those engaged in banking, and as with industrial claims, so with occupational claims, each case must be considered by the District Board on its merits. It must be shown both that the enterprise in which the registrant is engaged is necessary and that he is necessary to the enterprise."

#### THE MAKING OF CLAIMS FOR DEFERRED CLASSIFICATION UNDER THE NEW DRAFT

Notwithstanding the questionnaires of a portion of the new draft registrants have already been returned, those of the higher ages have not yet been issued and there are many cases yet unsettled; an article, there-

fore, in addition to what was published in the October JOURNAL under the title "Draft of Bank Officers and Employees," further dealing with this subject will not be untimely.

In the first place, every bank interested should have a copy of the second edition of the "Selective Service Regulations" prescribed by the President under the authority of the Selective Service Law, which can be procured from the Superintendent of Documents, Washington, D. C., at a cost of 25 cents. Sections 80 to 89 of these regulations contain the principles and rules governing classification with respect to engagement in industries, occupations and employments, including agriculture. Under these, District Boards are charged with the duty of selecting the individuals whose occupations are such as to require their continued service in civil life rather than in the Army. The law requires the appointment by each District Board of three "industrial advisers to the District Board," among whose functions is that of placing before the District Board information and advice which will be of value to the Board in arriving at decisions as to whether or not individuals are entitled to deferred classification on occupational grounds. Section 80 states that "the necessity of not seriously interfering with certain occupations and employments, such as financial, commercial, educational, hospital work, care of the public health, or with the conduct of certain other activities necessary to the public welfare and the prosecution of the war, requires that the District Boards have the co-operation of such advisers so that persons necessary in such activities be not removed therefrom."

Claims for deferred classification are made upon, or in connection with, the questionnaire, which is filed with the Local Board and by them transmitted with their recommendation to the District Board. Section 260a of the Selective Service Regulations is an explanatory memorandum designed to be inserted in the questionnaire. The questionnaire was printed prior to the amendment of August 31 allowing claims on occupational grounds and Section 260a provides that registrants or others making claims in respect of registrants on occupational grounds will record their claims in the proper divisions on page 1 of the questionnaire relating to industrial claims. Additional affidavits may be filed with the questionnaire when deemed necessary by the registrant or by the person making the claim in his behalf to fully set forth the facts in support of the claim. It further provides that the decision as to whether any particular occupation or employment is necessary and as to whether or not the registrant is necessary therein rests with the District Boards, subject only to the duty of the Local Boards under Rule XXXII of Section 101 to make their recommendations. That rule is as follows:

"Rule XXXII. If claim is made for deferred classification on the ground of engagement in an industry, occupation or employment, including agriculture (whether there be any other claim or not) THE LOCAL BOARD SHALL IN ALL CASES INDORSE upon the questionnaire in the place provided (page 16) its recommendation as to the merits of such claim and its findings as to any fact bearing on such claim it desires to have considered in support of such recommendation."

Section 260a further provides: "Under the act as

amended, claims by or in respect of registrants engaged in occupations or employments other than those specifically named in the act come within the exclusive jurisdiction of the District Boards for decision as to whether or not the particular occupation or employment is 'necessary' for one of the purposes specified in the act and the registrant is 'necessary' thereto, the Local Boards only making their recommendations."

#### SUGGESTIONS OF FEDERAL RESERVE BOARD

The following suggestions as to method of procedure were published in the Federal Reserve Bulletin for October, 1918:

"As each case must be considered on its own merits, it is suggested that banks seeking to obtain deferred classification for necessary employees should proceed as follows:

"First. Prepare and submit to the district board evidence showing the nature and extent of the bank's operations and character of service rendered to the Government, together with any information that may be necessary to satisfy the board that the bank itself is 'a necessary occupation,' within the meaning of the act of May 18, 1917, as amended by the act of August 31, 1918.

"Second. A list of those employees necessary to the bank should be carefully prepared and arrangements should be made with such employees to submit their questionnaires to a committee appointed by the bank before they are filed.

"Proper notation should be made by the bank on the questionnaire of claim for deferred classification, using Series XI, entitled, 'Industrial occupation.'

"The Provost Marshal General has called attention to the fact that it was necessary to print the questionnaires before Congress amended the law, so that the necessary changes could not be made therein. While, therefore, banking has been held not to be an industry, claim for deferred classification is made under this general head.

"It is further suggested that such questionnaires should be accompanied by an affidavit of an officer of the bank containing the following information as to the status of each employee for whom a deferred classification is claimed.

- (a) Character of service rendered;
- (b) Length of time the employee has been in the service of the bank;
- (c) The capacity, training and experience of employee, and the extent and value of his services;
- (d) The effect on the operations of the bank that might be expected to result from the loss of his services;
- (e) Difficulty that would be experienced in filling the place of employee;
- (f) That officers of the bank have no reason to believe or to suspect that the employee obtained service with the bank for the primary purpose of evading military service."

#### METHOD OF ASSISTANCE ADOPTED BY CHICAGO CLEARING HOUSE

In Chicago, the Clearing House Association has appointed a committee to assist the banks in making proper selections of their employees before the claims for exemption or deferred classification are filed with the Local Board. This committee has evolved a plan which has proved so practicable and beneficial that it has been indorsed by the Local and District Boards. The following data forwarded by Mr. E. D. Hulbert, Chairman of the Committee, to Mr. Leroy A. Mershon, Secretary of the Trust Company Section, illustrates the plan which may be found useful in other communities:

DEAR MR. MERSON:

I enclose herewith special questionnaire used by the Clearing House Committee in the matter of Selective Draft Service.

This committee was appointed by the Clearing House Association with the idea that the committee could help out the banks in making proper selections before the claims were presented to the Exemption Boards. The plan turned out to be so helpful, however, that it has been indorsed by the Exemption Boards and each group of industries has been asked to follow the same plan.

The committee has also been requested by the Exemption Boards to take over all the banks in Cook County and the Boards refuse to grant exemptions of bank clerks on industrial grounds except on recommendation of this committee. We have daily meetings and naturally found the work rather heavy at first, but it seems to be getting easier every day.

I am sure the committee has been of great service in bringing about a somewhat uniform plan of exemptions in each bank with minimum reduction of efficiency.

We have also been able to encourage a number of banks to employ women to a greater extent than they were inclined to do. Some of the larger down-town banks are employing women for approximately half their force.

Very truly yours,  
E. D. HULBERT.

DEAR SIR:

To facilitate the work of the Exemption Boards and enable them to give proper consideration to the occupational claims for deferred classification made by bank officers and employees under the Selective Draft Service Law, the Chicago Clearing House Association, at a meeting held on September 16, 1918, passed a resolution appointing the following committee, to be known as the Selective Service Committee:

Mr. E. D. HULBERT, Chairman.  
Mr. ARTHUR REYNOLDS.  
Mr. H. H. HITCHCOCK.  
Mr. W. R. DAWES.

The District Boards have been advised of this arrangement and will recognize the Selective Service Committee, as representing the Chicago Clearing House Association, and have requested that this committee act for all banks in Cook County. If you care to avail yourselves of this we shall be glad to pass on your applications for occupational deferred classification, and we, therefore, ask that you select two officers of your bank, one of whom shall in each occupational case execute the supporting affidavit.

In filing applications for deferred classification on occupational grounds:

1—Write a separate letter for each name, using the enclosed form, executed on your own letterheads.

2—Address it to the Local Board, as shown on individual questionnaires.

3—When completed forward your claim to E. D. Hulbert, Chairman Selective Service Committee of the Chicago Clearing House Association, in care of The Merchants Loan & Trust Company, Chicago, Ill.

The Committee will return the letters to you with its approval or disapproval. The documents can then be attached to the questionnaires.

A report of the number of men now in your employ on the enclosed summary will greatly assist the committee in passing on your applications.

Yours very truly,

E. D. HULBERT,  
Chairman Selective Service Committee  
of the Chicago Clearing House Association.

Local Board, District No. ....

Dear Sirs:

We desire to file claim for deferred classification on occupational grounds on behalf of

Name..... Serial No.....  
Address.....  
Age.....  
Position held.....

Specific work performed.....  
Length of service in bank.....  
Length of time in present position.....  
Length of time required to train another to fill position.....  
Reasons in full for requesting deferred classification—  
.....  
.....  
.....

We have at present.....employees. Men.....  
Women..... Registrants..... Former employees  
now in U. S. Service.

(Signed)

(To be signed by officer who signs supporting affidavit No. 2 on page 15 of questionnaires and whose signature is on file with the Selective Service Committee of the Chicago Clearing House Association.)

DEAR SIR:

In passing on the applications for deferred classification, we find it of great assistance to have before us the actual conditions in each bank and shall, therefore, appreciate it if you will send us the information requested on the enclosed form.

Yours very truly,

E. D. HULBERT,  
Chairman Selective Service Committee  
of the Chicago Clearing House Association.

Chicago.....1918.

# REPORT OF THE NUMBER OF MEN NOW IN THE EMPLOY OF THE..... BANK WHO HAVE REGISTERED UNDER THE SELECTIVE SERVICE ACT

	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6	Total
Number of Men	..	..	..	..	..	..	....
18 years	..	..	..	..	..	..	....
19 to 20 years	..	..	..	..	..	..	....
21 to 31 years	..	..	..	..	..	..	....
32 to 36 years	..	..	..	..	..	..	....
37 to 45 years	..	..	..	..	..	..	....
Total	..	..	..	..	..	..	....

NOTE: Do not include in the above figures the number of former employees now in the service of the Government.

Class 1—Single man without dependent relatives.

Class 2—Married man whose wife or children are not mainly dependent on him for support.

Class 3—Man with parents or dependent brothers or sisters.

Class 4—Man whose wife or children are mainly dependent on his labor for support.

Class 5—Man physically unfit for military service.

Class 6—Man who is in deferred classification under previous draft.

Number of men included in above classification.....

Number of men not included in above classification.....

Number of women employed.....

Total number of employees.....

Number of employees in previous draft.....

Sign.....Cashier

### RECLASSIFICATION OF REGISTRANTS BY LOCAL AND DISTRICT BOARDS

Section 119a of the Selective Service Regulations provides that at any time before the induction of a registrant into the military service, the board having original jurisdiction may, in its discretion, on its own motion, or at the suggestion of the Governor, the Adjutant-General or the Government appeal agent (Section 47 provides for the designation by the Governor or for each Local Board of a Government appeal agent for and on behalf of the United States whose duty it is to appeal to District Boards from deferred classifications by Local Boards, care for the interests of ignorant registrants, impart information to District Boards that they may more efficiently exercise power to instruct Local Boards to take additional proof, etc.) or upon the application of a registrant or some one in his behalf, extend the time limit for filing a claim, reopen and reconsider a case, receive new evidence and proceed to reclassify the registrant on all the evidence. With respect to claims within the original jurisdiction of the District Board, suggestions and applications should be filed with the Local Board, which should consider them and the new evidence and forward same with its recommendation to the District Board, transmitting the entire record, including the questionnaire, if in possession of the Local Board. No appeal lies from the refusal of a District Board to reopen a case. Section 121 provides the procedure for reclassification by a District Board. Whenever, through any information obtained by itself or on information reported by a Local Board, the District Board decides to consider a case within its original jurisdiction for reclassification, it obtains the record from the Local Board. These sections should be read in their entirety.

### RECLASSIFICATION OF REGISTRANTS BETWEEN TWENTY-ONE AND THIRTY-ONE

The following copy of letter from the Provost Marshal General to Governor Harding of the Federal Reserve Board is published in the Federal Reserve Bulletin for October:

#### WAR DEPARTMENT OFFICE OF THE PROVOST MARSHAL GENERAL

Washington, September 21, 1918.

HON. W. P. G. HARDING,  
Governor Federal Reserve Board,  
Washington, D. C.

SIR: This office is in receipt of your letter under date of September 20, making inquiry whether the act of August 31, 1918, amending the act of May 18, 1917, will apply to bank employees between the age of 21 and 31 who have heretofore been placed in Class I, who (a) have not been called to the military service, the finding of the Local Board having been appealed from and the appeal being pending before the District Board, or (b) whose appeal has been confirmed by the District Board, but who has not been called.

With respect to the foregoing, you are advised that the act as amended applies without distinction to the registrants of all registrations, and that the District Board having jurisdiction over a registrant may, up to the time of actual induction by the Local Board, reopen a case previously determined, and grant deferred classification upon a finding that the registrant is actually and completely engaged in an industry, occupation or employment, including agriculture, that is necessary to the maintenance of the military establish-

ment, or the effective operation of the military forces, or the maintenance of the national interest during the emergency, and that such registrant occupies such a necessary status with respect thereto that he cannot be replaced without direct substantial material loss and detriment to the adequate and effective operation of the same.

E. H. CROWDER,  
Provost Marshal General.

By ROSCOE S. CONKLING,  
Lieut.-Colonel, J. A.,  
Chief Classification Division.

### WITHDRAWAL OF DEFERRED CLASSIFICATION UNDER THE WORK OR FIGHT ORDER

The following is from the Federal Reserve Bulletin for October:

"It appears that in some instances registrants between the ages of 21 and 31 have been given a deferred classification on grounds other than their employment and have subsequently been reclassified under what is usually referred to as the 'work or fight' order. This order, which was promulgated on May 23, 1918, provides in part that:

"Whenever, after July 1, 1918, any registrant in Class I, II, III or IV, wherever he may be located, is reported to or observed by any Local Board \* \* \* to be an idler, or to be engaged in any occupation or employment defined and described in these regulations or any amendments thereof as a non-productive occupation or employment, such Local Board shall, by notice as hereinafter prescribed, notify him and set a day and hour when the registrant may appear and present such evidence, by affidavit or otherwise, bearing upon the reasons for his status, as he may care to submit."

"In answer to inquiry submitted by the Federal Reserve Board, the Provost Marshal General, on July 5, 1918, ruled that bank clerks were not subject to reclassification under this order, and under date of September 16, 1918, ruled that:

"It is not within the province of a Local or District Board to withdraw deferred classification or order number on the ground that the registrant is engaged in a non-productive occupation in any case which has been excepted from the operation of the regulations authorizing such withdrawal."

"In any case in which a bank employee has been reclassified under the 'work or fight' order, the officers of the bank should call the matter to the attention of the adjutant general of the state for correction."

### FINALITY OF DECISION OF DISTRICT BOARD AND WHEN APPEAL MAY BE TAKEN

Section 4 of the Selective Service Law provides: "The decision of \* \* \* District Boards shall be final, except that, in accordance with such rules and regulations as the President may prescribe, he may affirm, modify or reverse any such decision." Under Section 111 of the Selective Service Regulations appeals by or on behalf of registrants to the President from decisions of District Boards may be claimed only when there has been at least one dissenting vote in the District Board and in cases based on occupational grounds when the appeal is accompanied by the signed statement of one member of the Local Board and either the Government appeal agent or the adjutant general of the state recommending that the decision of the District Board be reviewed.

### WITHDRAWAL AFTER INDUCTION INTO MILITARY SERVICE

The question has arisen whether after a man has been inducted into the military or naval service there is any procedure by which upon showing that his services are vitally necessary in an essential occupa-



tion, he may be withdrawn from the service and his case reconsidered. There appears to be no provision in the Selective Service Regulations applicable to such a situation. Section 139 covers those cases where the induction of a delinquent into military service under orders of the adjutant general of a state results in great hardship on men whose delinquency is not wilful or upon others dependent upon them for support. The section provides that after induction into military service, Local and District Boards have no authority to discharge from draft, but the relief can be granted by the commanding officer of a mobilization camp upon recommendation of adjutants general of states. These provisions, however, have no application to a man inducted into military service who is not a delinquent. We have been informed, however, that this procedure has been applied in some cases to obtain the discharge of a man from the service and permit his re-entry into civil life in a necessary employment, but such information is merely hearsay and no procedure for such withdrawal in such exceptional cases appears to be provided by the Selective Service Law or Regulations.

#### WHERE LOCAL OR DISTRICT BOARDS REFUSE TO CONSIDER CLAIMS FOR DEFERRED CLASSIFICATION

Local and District Boards in some cases, according to wires and letters received by the Association, refuse to consider claims for deferred classification. The following wire, received from a bank in Arkansas, is typical:

"Local and District Board of appeals refuse to pay any attention and say they will not consider any bankers claims for deferred classification in the draft. Wire at the earliest possible moment at our expense the method of procedure in getting the proper recognition."

The procedure is clearly defined by the Selective Service Regulations that claims for deferred classification on occupational grounds should be filed with the Local Board, which must in all cases of such claim indorse their recommendation as to the merits, and such cases come within the exclusive jurisdiction of the District Board for decision, such decision being final unless there is one dissenting vote. The District Board has a right, after consideration, to adversely decide a claim for deferred classification, but the duty is imposed upon it by law to give consideration of such claims and of the evidence bearing thereon, before making its decision. Section 34, relating to the procedure of District Boards, provides that "every question upon the allowance of a claim for exemption or deferred classification, whether upon appeal or otherwise, shall be put in the following manner—shall the claim for exemption or deferred classification be allowed—and upon a tie vote the claim shall be disallowed. This section requires a vote on every claim. Section 6 of the Selective Service Law provides that "Any person charged as herein provided with the duty of carrying into effect any of the provisions of this Act or the regulations made or directions given thereunder \* \* \* who in any manner shall fail or neglect fully to perform any duty required of him in the execution of this Act shall, if not subject to military law, be guilty of a misdemeanor" and be punished as therein provided. In those cases where Local or District Boards refuse in the one case to receive and indorse with their recommendation, and in the other consider and decide, claims for deferred classification on occupational grounds, it is probably because of ignorance of the law and regulations, rather than wilful neglect of duty.

### "In the Service" from American Banks

Reporting to the American Bankers Association up to Tuesday, October 29, 3,593 banks from forty-eight states, Alaska, Cuba, Canada, Porto Rico and the District of Columbia have furnished 13,212 men to the Army, of whom 1,994 are commissioned officers; and 2,507 men to the Navy, of whom 200 are commissioned officers. This makes a total of 15,719 men furnished by 3,593 banks for army and navy service. Of these men 413 have lost their lives in the service. Thus far, 4,284 banks have reported.

Additions to the Roll of Honor, those who have lost their lives in the service, follows:

The Commercial National Bank, Kansas City, Kan.

**Whitney Wagner, died at the Great Lakes Training Station.**

Spearville, Kan., First National Bank.

**Will L. Pine, Private.**

Dime Savings Bank, Detroit, Mich.

**L. H. Esslin, Private, U. S. Marines.**



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Membership One-Year Class, 32.

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 ROME C. STEPHENSON, president St. Joseph Loan & Trust Co., South Bend, Ind.  
 GEO. S. PARKER, president Live Stock National Bank, Sioux City, Iowa.  
 M. H. MALOTT, president Citizens Bank of Abilene, Abilene, Kan.  
 EDWARD S. KENNARD, cashier Rumford National Bank, Rumford, Me.  
 GEORGE E. BROCK, president Home Savings Bank, Boston, Mass.  
 DUDLEY E. WATERS, president Grand Rapids National City Bank, Grand Rapids, Mich.  
 CLIFF W. GRESS, vice-president Citizens State Bank, Cannon Falls, Minn.  
 J. R. DOMINICK, president Traders National Bank, Kansas City, Mo.  
 J. B. JENNINGS, vice-president Mechanics Savings Bank, Moberly, Mo.  
 GEORGE WINGFIELD, president Reno National Bank, Reno, Nev.  
 JOHN B. CLEMENT, vice-president Central Trust Company, Camden, N. J.  
 H. B. JONES, president First National Bank, Tucumcari, N. M.  
 JOHN H. GREGORY, president Central Bank, Rochester, N. Y.  
 E. A. BENNETT, assistant cashier American Exchange National Bank, New York, N. Y.  
 LEAKE S. COVINGTON, cashier Farmers Bank, Rockingham, N. C.  
 S. B. RANKIN, president Bank of South Charleston, South Charleston, Ohio.  
 LAWRENCE E. SANDS, president First National Bank, Pittsburgh, Pa.  
 FRANCIS DOUGLAS, cashier First National Bank, Wilkes-Barre, Pa.  
 FRED COLLINS, cashier Milan Banking Company, Milan, Tenn.  
 ALBERT W. WILKERSON, cashier Alamo National Bank, San Antonio, Texas.  
 P. B. DOTY, active vice-president Gulf National Bank, Beaumont, Texas.

C. E. TIFFANY, president Fauquier National Bank, Warrenton, Va.  
 D. W. TWOHY, president Old National Bank, Spokane, Wash.  
 L. A. BAKER, cashier Manufacturers Bank, New Richmond, Wis.  
 GEORGE W. PERRY, vice-president Sheridan National Bank, Sheridan, Wyo.

Membership Three-Year Class, 33 (vacancies in Nebraska and Tennessee).

## REPRESENTING TRUST COMPANY SECTION

JOHN W. PLATTEN, president United States Mortgage & Trust Co., New York City.  
 LYNN H. DINKINS, president Interstate Trust & Banking Co., New Orleans, La.

## REPRESENTING SAVINGS BANK SECTION

VICTOR A. LERSNER, comptroller Williamsburgh Savings Bank, Brooklyn, N. Y.  
 S. FRED STRONG, treasurer Connecticut Savings Bank, New Haven, Conn.

## REPRESENTING CLEARING HOUSE SECTION

STODDARD JESS, president First National Bank, Los Angeles, Cal.  
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## REPRESENTING STATE SECRETARIES SECTION

FREDERICK H. COLBURN, secretary California Bankers Association, San Francisco, Cal.  
 ROBERT E. WAIT, secretary Arkansas Bankers Association, Little Rock, Ark.

## REPRESENTING NATIONAL BANK SECTION

OLIVER J. SANDS, president American National Bank, Richmond, Va.  
 W. W. HEAD, vice-president Omaha National Bank, Omaha, Neb.

## REPRESENTING STATE BANK SECTION

C. B. HAZLEWOOD, vice-president Union Trust Company, Chicago, Ill.  
 J. W. BUTLER, president First Guaranty State Bank, Clifton, Texas.

## REPRESENTING CURRENCY COMMISSION

A. B. HEPBURN, chairman of the Advisory Board, Chase National Bank, New York City.

## REPRESENTING AGRICULTURAL COMMISSION

JOSEPH HIRSCH, vice-president Corpus Christi National Bank, Corpus Christi, Texas.

Total membership of Council, 122.

## VICE-PRESIDENTS FOR THE DIFFERENT STATES AND TERRITORIES

Alabama: J. Kirkman Jackson, vice-president American Trust & Savings Bank, Birmingham.  
 Arizona: R. E. Moore, vice-president Valley Bank, Phoenix.  
 Arkansas: George H. Bell, cashier Planters Bank & Trust Co., Nashville.  
 California: H. C. Carr, vice-president First National Bank, Porterville.  
 Colorado: Theo. G. Smith, vice-president International Trust Co., Denver.  
 Connecticut: R. LaMotte Russell, president Manchester Trust Co., South Manchester.  
 Delaware: George H. Hall, president Milford Trust Co., Milford.

District of Columbia: Corcoran Thom, vice-president American Security & Trust Co., Washington.

Florida: L. A. Bize, president Citizens Bank & Trust Co., Tampa.

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vonnia.

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Illinois: Andrew Russel, vice-president Ayers National Bank,  
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Indiana: Oscar F. Frenzel, vice-president Merchants National  
Bank, Indianapolis.

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Ottumwa.

Kansas: W. F. Hughes, vice-president Union National Bank,  
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Kentucky: N. S. Calhoun, vice-president Bank of Maysville,  
Maysville.

Louisiana: Ben Johnson, vice-president Bank of Commerce,  
Mansfield.

Maine: Vacancy.

Maryland: A. Elzey Waters, Townsend, Scott & Son, Balti-  
more.

Massachusetts: Elmer A. Onthank, president Safety Fund  
National Bank, Fitchburg.

Michigan: H. H. Sanger, vice-president and cashier National  
Bank of Commerce, Detroit.

Minnesota: W. A. Mahl, cashier First National Bank, Winona.

Mississippi: Felix E. Gunter, vice-president Merchants Bank  
and Trust Co., Jackson.

Missouri: Edward Buder, treasurer Mercantile Trust Co., St.  
Louis.

Montana: A. L. Stone, president State Bank of Dillon, Dillon.

Nevada: C. W. Foote, cashier Churchill County Bank, Fallon.

New Hampshire: Ira F. Harris, cashier Indian Head National  
Bank, Nashua.

New Jersey: Joseph McDermott, president Freehold Trust  
Company, Freehold.

New Mexico: D. T. Hoskins, cashier San Miguel National  
Bank, East Las Vegas.

New York: Walter E. Frew, president Corn Exchange Bank,  
New York City.

North Carolina: Charles A. Scott, cashier National Bank of  
Alamance, Graham.

North Dakota: E. Beissbarth, president First National Bank,  
Brinsmade.

Ohio: John H. McCoy, secretary-treasurer Peoples Banking  
and Trust Company, Marietta.

Oklahoma: H. A. McCauley, president Sapulpa State Bank,  
Sapulpa.

Oregon: E. D. Cusick, president J. W. Cusick & Co. Bank,  
Albany.

Pennsylvania: Joseph Wayne, Jr., president Girard National  
Bank, Philadelphia.

Rhode Island: Arthur L. Perry, treasurer Washington Trust  
Co., Westerly.

South Carolina: H. W. Fraser, cashier The Peoples Bank,  
Georgetown.

South Dakota: George C. Holmberg, vice-president Security  
National Bank, Sioux Falls.

Tennessee: T. M. Salter, vice-president Central State National  
Bank, Memphis.

Texas: J. Dabney Day, vice-president City National Bank,  
Dallas.

Utah: DeWitt Knox, vice-president National Bank of the  
Republic, Salt Lake City.

Vermont: Vacancy.

Virginia: W. M. Addison, vice-president and Cashier First  
National Bank, Richmond.

Washington: S. A. Kimbrough, cashier Farmers National  
Bank, Colfax.

West Virginia: H. O. Aleshire, vice-president Day and Night  
Bank, Huntington.

Wisconsin: E. J. Perry, president First National Bank, Fond  
du Lac.

Wyoming: S. C. Langworthy, cashier Stockgrowers Bank,  
Buffalo.

NOTE: Vice-Presidents for Alaska, Canal Zone, Hawaii,  
Philippine Islands, Porto Rico and Nebraska not yet elected.  
Their names will be published in the Annual Proceedings.

#### VICE-PRESIDENTS FOR FOREIGN COUNTRIES

NOTE: Elections not yet made. Names will be published  
in Annual Proceedings.

#### COMMITTEES OF THE ASSOCIATION

##### CURRENCY COMMISSION

A. B. HEPBURN, chairman of the Advisory Board, Chase Na-  
tional Bank, New York, N. Y. *Chairman.*

JAS. B. FORGAN, chairman of board, First National Bank,  
Chicago, Ill. *Vice-Chairman.*

MYRON T. HERRICK, president Society for Savings, Cleveland,  
Ohio.

FESTUS J. WADE, president Mercantile Trust Company, St.  
Louis, Mo.

GEORGE M. REYNOLDS, president Continental and Commercial  
National Bank, Chicago, Ill.

JOHN PERRIN, chairman of board, Federal Reserve Bank of  
San Francisco, Cal.

LUTHER DRAKE, president Merchants National Bank, Omaha,  
Neb.

SOL. WEXLER, J. S. Bache & Co., New York, N. Y.

ROBERT WARDROP, president Peoples National Bank, Pitts-  
burgh, Pa.

E. F. SWINNEY, president First National Bank, Kansas City,  
Mo.

JOSEPH A. McCORD, governor Federal Reserve Bank, Atlanta,  
Ga.

J. F. SARTORI, president Security Trust and Savings Bank, Los  
Angeles, Cal.

LEVI L. RUE, president Philadelphia National Bank, Phila-  
delphia, Pa.

E. L. HOWE, vice-president Princeton Bank and Trust Co.,  
Princeton, N. J.

FREDERICK E. FARNSWORTH, New York, Secretary.

##### SPECIAL COMMITTEE OF FIVE

THOS. B. McADAMS, vice-president Merchants National Bank,  
Richmond, Va., *Chairman.*

WALKER BROACH, vice-president Whitney-Central National  
Bank, New Orleans, La.

FRED COLLINS, cashier Milan Banking Company, Milan, Tenn.

M. J. DOWLING, president Olivia State Bank, Olivia, Tenn.

JOHN W. WADDEN, president Lake County National Bank,  
Madison, Wis.

##### COMMITTEE ON TRADE ACCEPTANCES

ROBERT H. TREMAN, director Federal Reserve Bank of New  
York, N. Y., *Chairman.*

GEORGE WOODRUFF, president First National Bank, Joilet, Ill.

OLIVER J. SANDS, president American National Bank, Rich-  
mond, Va.

#### COUNCIL COMMITTEES

##### INSURANCE COMMITTEE

###### One-Year Term

H. G. PARKER, president National Bank of New Jersey, New  
Brunswick, N. J. *Chairman.*

###### Two-Year Term

GEORGE A. HOLDERNESS, president Farmers Banking & Trust  
Co., Tarboro, N. C.

###### Three-Year Term

L. E. SANDS, president First National Bank, Pittsburgh, Pa.

##### COMMITTEE ON STATE LEGISLATION

###### One-Year Term

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Kan. *Chairman.*

GEORGE W. ROGERS, vice-president Bank of Commerce, Little  
Rock, Ark.

C. J. SHANNON, JR., president First National Bank, Camden,  
S. C.

J. P. FRENZEL, JR., cashier Merchants National Bank, Indian-  
apolis, Ind.

###### Two-Year Term

BENJAMIN E. SMYTHE, vice-president Scandinavian Trust  
Company, New York, N. Y.



F. H. FARRINGTON, Brandon, Vt. (Vice-president Rutland Savings Bank, Rutland, Vt.)  
 JOHN T. DISMUKES, president First National Bank, St. Augustine, Fla.  
 M. A. TRAYLOR, president Live Stock Exchange National Bank, Chicago, Ill.

#### *Three-Year Term*

JOHN B. CLEMENT, second vice-president Central Trust Co., Camden, N. J.  
 L. A. BAKER, cashier Manufacturers Bank, New Richmond, Wis.  
 CHARLES B. LEWIS, president Fourth National Bank, Macon, Ga.  
 F. J. BELCHER, JR., vice-president First National Bank, San Diego, Cal.

#### COMMITTEE ON FEDERAL LEGISLATION

##### *One-Year Term*

WALDO NEWCOMER, president National Exchange Bank, Baltimore, Md. *Chairman.*  
 R. D. SNEATH, president Commercial National Bank, Tiffin, Ohio.

##### *Two-Year Term*

F. A. IRISH, vice-president First National Bank, Fargo, N. D.  
 T. W. YATES, vice-president Commercial Bank & Trust Company, Laurel, Miss.

##### *Three-Year Term*

FRED COLLINS, president Milan Banking Company, Milan, Tenn.  
 GEORGE W. BROCK, president Home Savings Bank, Boston, Mass.

#### COMMITTEE ON MEMBERSHIP

##### *One-Year Term*

JAMES C. BURGER, president Hamilton National Bank, Denver, Colo. *Chairman.*

##### *Two-Year Term*

H. W. CHADDUCK, vice-president Grafton Banking & Trust Co., Grafton, W. Va.

##### *Three-Year Term*

P. B. DOTY, vice-president Gulf National Bank, Beaumont, Texas.

#### ADMINISTRATIVE COMMITTEE

ROBERT F. MADDOX, president Atlanta National Bank, Atlanta, Ga. *Chairman.*  
 RICHARD S. HAWES, vice-president Third National Bank, St. Louis, Mo.  
 CHARLES A. HINSCH, president Fifth-Third National Bank, Cincinnati, Ohio.

##### *One-Year Term*

W. P. SHARER, president First National Bank, Zanesville, Ohio.

##### *Two-Year Term*

C. J. BELL, president American Security & Trust Company, Washington, D. C.

#### *Representing Trust Company Section*

JOHN W. PLATTEN, president United States Mortgage & Trust Company, New York, N. Y.

#### *Representing Savings Bank Section*

VICTOR A. LERSNER, comptroller Williamsburgh Savings Bank, Brooklyn, N. Y.

#### *Representing National Bank Section*

OLIVER J. SANDS, president American National Bank, Richmond, Va.

#### *Representing State Bank Section*

CRAIG B. HAZLEWOOD, vice-president Union Trust Company, Chicago, Ill.

#### FINANCE COMMITTEE

RICHARD S. HAWES, vice-president Third National Bank, St. Louis, Mo., First Vice-President of the Association. *Chairman.*  
 JAMES D. HOGE, chairman of board Union Savings & Trust Co., Seattle, Wash., Treasurer of the Association.

##### *One-Year Term*

NATHAN ADAMS, vice-president American Exchange National Bank, Dallas, Texas.  
 WILLIAM J. GRAY, vice-president First and Old Detroit National Bank, Detroit, Mich.  
 E. W. SINCLAIR, president Exchange National Bank, Tulsa, Okla.

##### *Two-Year Term*

W. C. GORDON, vice-president Farmers Savings Bank, Marshall, Mo.  
 J. W. B. BAUSMAN, president Farmers Trust Co., Lancaster, Pa.  
 HOMER A. MILLER, president Iowa National Bank, Des Moines, Iowa.

##### *Three-Year Term*

R. C. STEPHENSON, president St. Joseph Loan & Trust Co., South Bend, Ind.  
 S. B. RANKIN, president Bank of South Charleston, South Charleston, Ohio.  
 E. A. BENNETT, assistant cashier American Exchange National Bank, New York, N. Y.

#### SUB-COMMITTEES OF THE FINANCE COMMITTEE

(By resolution of the Executive Council, the Vice-President is ex-officio a member of all sub-committees of the Finance Committee.)

#### AUDITING AND INVENTORY

WILLIAM J. GRAY, vice-president First and Old Detroit National Bank, Detroit, Mich. *Chairman.*  
 W. C. GORDON, vice-president Farmers Savings Bank, Marshall, Mo.  
 S. B. RANKIN, president Bank of South Charleston, South Charleston, Ohio.

#### INCOME

HOMER A. MILLER, president Iowa National Bank, Des Moines, Iowa. *Chairman.*  
 NATHAN ADAMS, vice-president American Exchange National Bank, Dallas, Texas.  
 R. C. STEPHENSON, president St. Joseph Loan & Trust Co., South Bend, Ind.

#### DISBURSEMENTS

J. W. B. BAUSMAN, president Farmers Trust Co., Lancaster, Pa., *Chairman.*  
 E. W. SINCLAIR, president Exchange National Bank, Tulsa, Okla.  
 E. A. BENNETT, assistant cashier American Exchange National Bank, New York, N. Y.

#### PROTECTIVE COMMITTEE

This committee is composed of three members and under the Constitution their names are not made public.

#### LIBRARY COMMITTEE

##### *One-Year Term*

GEORGE E. LEWIS, assistant cashier Hanover National Bank, New York, N. Y. *Chairman.*

##### *Two-Year Term*

JULIEN H. HILL, vice-president and cashier National State and City Bank, Richmond, Va.

##### *Three-Year Term*

J. D. PHILLIPS, vice-president Green Valley Bank, Green Valley, Ill.

## The Fourth Liberty Loan

Copy of telegram from President Robert F. Maddox of the American Bankers Association to Hon. William G. McAdoo, Secretary of the Treasury.

ATLANTA, GA., October 22, 1918.

HON. WILLIAM G. McADOO,  
Secretary of the Treasury,  
Washington, D. C.

Allow me to congratulate you upon the splendid response made by the people of this country to your request for subscriptions to the Fourth Liberty Loan. I trust the bankers of the United States have fulfilled their promise made to you in the resolution adopted at the recent Annual Convention in Chicago, in response to your greetings, when they re-affirmed their determination to use every means at their command to make the Fourth Liberty Loan the most forceful of all expressions from a free people to furnish all credits and material necessary to the Government for a speedy and complete victory.

(Signed) ROBERT F. MADDOX, President,  
The American Bankers Association.

Copy of letter from Hon. William G. McAdoo, Secretary of the Treasury, in response to telegram sent by President Robert F. Maddox of The American Bankers Association.

THE SECRETARY OF THE TREASURY  
WASHINGTON

October 26, 1918.

MY DEAR MR. MADDOX:

I received your very kind telegram of the twenty-second of October and thank you heartily for your generous congratulations, which I deeply appreciate. Permit me to take this opportunity to express my grateful thanks for the patriotic co-operation of the bankers of the country in the Fourth Liberty Loan campaign, who contributed immeasurably to the success of the Loan; not only by giving generously of their time and energy, but in most cases making it easy for subscribers to purchase bonds from future savings, to say nothing of the purchases on their own account. I deeply appreciate the resolution adopted at the recent Annual Convention in Chicago. Please accept my warm congratulations on your election as President of The American Bankers Association.

With best wishes, I am,

Sincerely yours,

(Signed) W. G. McADOO.

ROBERT F. MADDOX, President  
The American Bankers Association.  
c/o Atlanta National Bank,  
Atlanta, Ga.

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American Surety Co., New York, N. Y.  
Chicago Bonding & Insurance Co., Chicago, Ill.  
Continental Casualty Co., Chicago, Ill.  
(The) Employers Liability Assurance Corp., Ltd., Boston, Mass., U. S. Branch.  
(The) Fidelity & Casualty Co., New York, N. Y.  
Fidelity & Deposit Co. of Maryland, Baltimore, Md.  
General Accident Fire & Life Assurance Corp., Ltd., Philadelphia, Pa. (Headquarters).  
Globe Indemnity Co., New York, N. Y.  
Hartford Accident & Indemnity Co., Hartford, Conn.  
Kansas Casualty & Surety Co., Wichita, Kan.  
Lion Bonding & Surety Co., Omaha, Neb.  
London Guarantee & Accident Co., Ltd., Chicago, Ill.  
London & Lancashire Indemnity Co. of America, New York, N. Y.

Maryland Casualty Co., Baltimore, Md.  
Massachusetts Bonding & Insurance Co., Boston, Mass.  
(The) Metropolitan Casualty Insurance Co. of New York, New York, N. Y.  
National Surety Co., New York, N. Y.  
New Amsterdam Casualty Co., New York, N. Y.  
Ocean Accident & Guarantee Corp., Ltd., New York, N. Y.  
(The) Preferred Accident Insurance Co., New York, N. Y.  
Royal Indemnity Co., New York.  
(The) Travelers Indemnity Co., Hartford, Conn.  
United States Casualty Co., New York, N. Y.  
United States Fidelity & Guaranty Co., Baltimore, Md.  
Western Accident & Indemnity Co., Helena, Mont.  
Western Surety Co., Sioux Falls, So. Dak.

# Report of Committee on Acceptances

The following report on trade and bankers acceptances was approved by the convention of the American Bankers Association at Chicago and the Committee was continued for another year:

Very soon after the Atlantic City convention of the American Bankers Association, your committee, which was created there, conferred with similar committees representing the Chamber of Commerce of the United States and the National Association of Credit Men and formed a joint committee of representatives present, organizing as the American Trade Acceptance Council with Lewis E. Pierson as its chairman, R. H. Treman, vice-chairman; J. H. Tregoe, secretary, and Wm. Walker Orr and Jerome Thralls, assistant secretaries. The Council has since been enlarged to include representatives of the National Manufacturers Association and many other leading business organizations throughout the United States. Its purpose has been to gather and disseminate information regarding the trade and bankers' acceptances, their value and how to use them. The efforts of the Council have been concentrated largely upon the trade acceptance.

In addition to the members of your committee, the President and General Secretary of the American Bankers Association were later made members of the Council and Jerome Thralls, secretary of the Clearing House and National Bank Sections of the American Bankers Association, was made chairman of the Council's publicity committee, and was placed in charge of the detail operations and the correspondence so far as concerns the bankers' division of the work.

An organization, nation wide, has been perfected. It includes a committee of three wide-awake bankers appointed by the bankers' association of each state. In many states these committees have in turn appointed a chairman for each group or certain subdivisions. The group chairmen have appointed a chairman for each county in their respective groups. It is the duty of these county chairmen to arouse the interest of bankers in their respective counties and get them to inform their patrons who are possible users as to the merits of acceptances.

The President of the American Institute of Banking, at our request, appointed a committee of three or more junior bank officers in each Federal reserve and branch Federal reserve city. To these latter committees detail problems are referred for consideration and report.

One of the first steps of the Council was the development of a standard form of trade acceptance. This form is designed with due regard to law, the rules and regulations of the Federal Reserve Board and the various Federal reserve banks. It has the approval of the Federal Reserve Board and the Council of the American Bankers Association and various other leading authorities. The form may be altered to meet the needs of any particular line or trade. The Council's recommendations, however, have always been that the form used should be as simple as possible and free from entangling notations that might hamper or hinder its negotiability.

During the greater period of its existence the New York members of the Council have held weekly meetings at which problems arising regarding the trade acceptance, policies of the Council and other matters of importance were discussed.

Two general trade acceptance conferences were held under the auspices of the Council in New York City. These meetings were attended by representatives of banks and the various lines of industry from many of the leading cities throughout the country. A similar conference was held in the city of Philadelphia. A general trade acceptance convention was held at Chicago under the auspices of the Council under date of June 17. A splendid program was offered, dealing with all phases of the trade acceptance and bringing out all objections that might be raised to its use in any particular business, as well as the benefits that would be derived in the way of improvement of the credit system and the strengthening of the banking position that would result from its general use. This convention was attended by more than 800 business men and bankers representing every section of the United States and practically every line of industry. The entire day and evening were devoted to the one subject. The fact that

at no time were there less than 600 people in the convention room indicates the real interest that was taken.

The Council has undertaken to keep a constant flow of material going to its various committees, to the bank and trade journals and general press. It has published and distributed many thousands of pamphlets on the trade acceptance. Those include the "Trade Acceptance Catechism," "Practical Questions and Answers" and "Opinions of Users." It organized a speakers' bureau, through which it has furnished speakers for conventions, meetings and gatherings of bankers and business people throughout the United States.

The Council has received splendid co-operation and assistance from the various bankers, associations, the press and many of the leading business organizations.

Mr. Thralls has prepared and issued weekly from the offices of the American Bankers Association, under the auspices of the Council, a *Trade Acceptance Service Bulletin* containing up-to-the-minute information. This bulletin has been distributed not only to the 700 or more banker committeemen, but to 1,000 committeemen representing various lines of business and to the press. This bulletin has been the means of keeping the subject and its important developments immediately before the people. Its publication certainly should continue for the period of another year at least.

One year ago the available records indicated but 185 known users of the trade acceptance. This list has grown to many thousands and the trade acceptance is now being used in every section of United States and in practically every line of business. Out of the thousands of reports which have been received from users, there is not one that raises serious objection and all praise the use of the trade acceptance most highly. They indicate that it actually has been a means of making an equal amount of capital do greater service, has enabled them to reduce their bills payable account, to buy a greater amount of Liberty Bonds, to take care of without difficulty, the increasing volume of their business in spite of the high prices, to shorten the credit period, to reduce claims and disputes, to afford an immediate check-up on all transactions, to make collections more prompt, and to generally stabilize their business. This aside from producing a vast amount of paper eligible for rediscount at the Federal reserve banks and as a basis of currency issue.

In a great many instances there has been united action on the part of a whole trade in adopting the trade acceptance as a term of sale. This plan was followed with great success by the flour milling industry in the State of Washington, the lumber mills of the West Coast, the National Raw Silk Dealers, a number of hardwood manufacturing associations and various others.

The bankers associations of thirty-four states passed strong resolutions at their recent annual conventions commending the trade acceptance and urging its widest possible use in their respective states.

In the development of the trade acceptance the bankers are confronted with a number of important problems—(1) That of perfecting a comprehensive discount market, (2) That of meeting the general demand that is being made by the users for a preferential rate, (3) That of providing the most economical and efficient method of handling trade acceptances in the banks and in the business houses, (4) Evolving a satisfactory schedule of service, exchange and collection charges for handling trade acceptances.

Considerable progress has been made with the open discount market proposition. A number of large so-called discount houses which will deal largely in trade and bankers' acceptances have been organized in New York City and a number of other leading cities. J. P. Morgan & Company, a number of the large commercial banks and trust companies and private bankers of New York City are now lending on call at a rate of 4½ per cent. against trade and bankers' acceptance collateral.

The laws of the states of California, Connecticut, Massachusetts and New York have been so amended as to provide for the investment by savings banks of a part of their assets in bankers' acceptances and in some cases other prime bills. Effort is being made to get further amendments which will permit the savings banks to invest a certain percentage of

their assets in prime trade acceptances indorsed by members of the Federal reserve system or banks or trust companies operating under charters of the states wherein the buying banks are domiciled. A great many other banks as well as reserve city banks that have heretofore been in the market for commercial paper are now turning their attention to the purchase of trade acceptances.

It is quite likely that the bulk of trade acceptances will find lodgment in the local banks and that for a period of many months only the large and prime acceptances will be offered in the open market. A number of banks have introduced the idea of trusteeing an aggregate of small acceptances having like maturities, and issuing against the aggregate participating certificates which are sold in the market. The committee believes that the open market feature is developing satisfactorily.

The second problem—that of meeting the demand of users for preferential rate can be solved by the element of time only. We now have a lender's market. The banks can find ready demand for all of their funds at favorable rates. When conditions have changed the rates, of course, will fluctuate, but in no event will all trade acceptances find a ready market at a preferential rate. Buyers will always take into consideration the name and the character of business of the makers and acceptors. The prime names will naturally be accorded a better rate than the unknown names and the acceptances which cover business of an unstable nature.

The third problem—that of the most economical system of handling trade acceptances is now in the hands of twenty-three committees of junior bank officers, representing the American Institute of Banking. It is hoped that these committees will come to an agreement upon a plan that will be satisfactory to all at a very early date.

The fourth problem—that of service, exchange and collection charges should be given careful consideration and study by every banker. It is likewise in the hands of twenty-three special committees. We find that many trade acceptance users have gotten the idea that trade acceptances can be handled on the same basis as checks and because they have been able to collect a large number of checks through the facilities of the Federal Reserve Clearing and Collection System, at par, they believe that trade acceptances should be handled on the same basis. They have also misunderstood the action taken by the New York Clearing House which refers merely to the clearing of local trade acceptances, as meaning that trade acceptances payable at any point in the United States may be cleared or collected through New York or other principal centers on a par basis.

Through the use of the trade acceptance much of the labor that has heretofore been done in the business house will be transferred to the bank. The business house will be relieved from sending letters, drafts, duns and other notices which they have heretofore been required to send at a heavy expense. By concentration of this work in the banks it can be done at a less expense, but whatever the expense, it certainly should be borne by the users.

It is believed that when this point is thoroughly explained to all users that they will be satisfied to pay a reasonable fee for the service and cost of collection of acceptances. The acceptances must be sent to the point of payment before maturity. It is usually necessary to ticklerize them on receipt

and to watch them carefully until maturity date. From point of origin to point of payment the work in handling the trade acceptance is greater than that involved in handling the ordinary check. But since trade acceptances payable at banks may be charged to the accounts of acceptors in all but seven states—Georgia, Illinois, Kansas, Minnesota, Nebraska, South Dakota and Texas—the use of the acceptance, will obviate the necessity of issuing checks in payment of the bills that the acceptance covers. This will be a great saving of labor and expense.

The appropriations aggregating \$1,500 made by the American Bankers Association were paid over to the American Trade Acceptance Council. The full amount has been expended, in addition, your Committee has incurred expenses aggregating \$501.05. We hope this amount will be appropriated by the Finance Committee and that in addition a liberal appropriation will be made for continuing the work.

While the use of acceptances is developing rapidly, your Committee believes that in view of the importance of these instruments to the credit and financial system, that every possible effort to encourage their future use should be made. The movement is one of education and publicity. Your Committee would respectfully recommend that the work now being undertaken jointly with similar committees of other important organizations be continued for the period of at least one more year. Acceptances may serve as a most valuable aid in conserving and directing credit into the channels of essential production. The demands upon our commercial, industrial and financial interests will increase at a tremendous pace. It is therefore essential that every dollar's worth of credit in this nation shall be whipped into such shape as will enable it to render its maximum of service.

No valid objections to the use of trade and bankers' acceptances have been raised. Thousands of commendations are at hand.

Some have injected the thought that the use of trade acceptances should not be urged on patriotic grounds. Certainly, aside from patriotism, there are ample other good reasons for their use. Your Committee believes, however, that to waste credit or to fail to apply it in the most efficient manner at this hour when the nation needs every dollar of its resources to prosecute its fight for human freedom and independence is as unpatriotic as is the waste of food or other essentials.

The Committee would suggest that local trade acceptance councils be formed in the principal cities throughout the United States. These councils to include in their membership a representative of each of the important lines of industry in their respective cities. This plan has been followed with success in a number of cities. By co-ordinating the efforts of all factors and taking up one line each week and centering all efforts on that line, good results can be accomplished. With 200 such councils formed and supplied with information from headquarters for dissemination through the councils to their members, success with the movement should be certain in a short time and at small expense.

Respectfully submitted,

R. H. TREMAN, Chairman.  
OLIVER J. SANDS.  
GEORGE WOODRUFF.





# Grist from the News Mill

## THE WORLD'S GOLD RESERVES

Healthier financial conditions in England, France and the United States, as compared with those in Germany, are indicated by reports gathered by the Federal Reserve Board. Gold reserves in the German Reichsbank have decreased in the last year, and notes in circulation and discounts and advances have increased heavily, while in the Bank of England and the Bank of France gold reserves have increased along with increases in note circulation and loans or investments. A similar condition exists in the Federal reserve banks of the United States. The indication is that German citizens are hoarding gold against the time when it alone may be sound money in their country. Between November 28, 1917, and the last days of August, this year, gold reserves in the respective banks were recorded as follows: England, \$275,000,000 to \$338,000,000; France, \$636,000,000 to \$655,000,000; Reichsbank, \$572,000,000 to \$558,000,000. Gold reserves of the twelve Federal Reserve Banks of the United States today are \$2,031,000, as compared with \$1,447,000,000 a year ago. Note circulations have increased as follows: England, \$209,000,000 to \$280,000,000; France, \$4,379,000,000 to \$5,680,000,000; United States Federal Reserve notes, \$779,000,000 to \$2,478,000,000; Reichsbank, \$2,528,000,000 to \$3,246,000,000.

## WAR FINANCE LOANS

The War Finance Corporation, up to October 1, had authorized \$43,202,592 loans, of which \$40,540,500 went direct to war business without the medium of banks. Through banks the corporation, up to October 1, advanced \$2,112,000, of which \$1,498,000 was secured by bonds of the industries for which the loans were made and \$613,000 by notes of the industries. To savings banks, only \$550,000 was advanced in accordance with terms of the act. All loans were secured by collateral, which amounted in the aggregate to \$64,033,000, of which nearly all consisted of private industrial and commercial bonds and notes. Only \$800,000 in Liberty bonds was submitted by borrowers. Actual payments under the advances authorized amounted to only \$4,183,000 on October 1, with the balance subject to draft.

## NATIONAL BANKS MAY CONTRIBUTE

On October 18 a joint resolution was passed by the Senate and House of Representatives authorizing national banks to subscribe to the united war work campaign, as follows: "Resolved, By the Senate and House of Representatives of the United States of America in Congress assembled, That it shall be lawful for any national banking association to contribute to the united war work campaign in the same manner and under the same conditions as they are authorized to contribute to the American National Red Cross by Section 1 of the Act entitled, 'An Act authorizing national banks to subscribe to the American National Red Cross,' approved May 22, 1918."

## REVENUE STAMPS ON TRADE ACCEPTANCE

The following ruling has been made by the Deputy Commissioner of Internal Revenue as to who should affix the revenue stamps to trade acceptances: "The drawer, as the person 'who makes, signs or issues' a trade acceptance, should affix and cancel stamps covering the tax required thereon under subdivision 6, schedule A, Act of October 3, 1917. There is nothing in the law, however, that would prevent the acceptor from affixing the requisite stamps to a trade acceptance and agreeing with the drawer of the draft as to which of the parties would ultimately bear the expense."

## AMERICA'S CREDITS IN SPAIN

The Treasury issues the following: An arrangement has just been concluded with Spain whereby a group of Spanish banks agree to open to a group of American banks credits amounting to 250,000,000 pesetas. These credits will, to a great extent, be required for army purposes in Spain. Negotiation of this credit, carrying as it does information that the United States Government will not be in the market as a purchaser of pesetas, has had a remarkably favorable effect on the rate for Spanish pesetas. Arrangements with the governments of Chile, Peru and Uruguay are at present in various stages of incompleteness. Arrangements have been made with the government of Switzerland providing at the par of exchange for an amount of Swiss currency sufficient for the needs up to the present time of the American Expeditionary Forces. Swiss exchange with the United States is at a rate where the dollar is quoted at 13.72 per cent. discount. This arrangement at the par of exchange is therefore effecting an important saving.

## TRAVELERS' CHECKS

Travelers leaving the country and carrying upon their person or in their baggage travelers' checks and letters of credit are not required by the customs authorities to have special licenses. When such letters of credit exceed \$5,000 customs authorities have been requested to advise the Federal reserve bank of their district, in writing, the names of the beneficiaries and the banks issuing the credits.

## FOREIGN EXCHANGE INFORMATION

Until otherwise instructed, foreign correspondents which have filed declarations on Form F. E. 114, when drawing drafts directly upon, or making deposits directly with, a dealer in the United States, are not required to file information otherwise required with foreign exchange credits. The order with regard to credits from foreign correspondents is particularly aimed to cover transactions made through third parties, and does not refer at all to checks which may be drawn against deposit accounts, except when such checks are themselves used as a means of credit to another foreign account.

## MONEY IN CIRCULATION

The stock of money in circulation in the United States continues to rise as the war progresses, and business becomes more active. There is now \$5,721,433,000 actual money in bank vaults, business tills and people's pockets, nearly a \$1,000,000,000 more than a year ago, and \$100,000,000 more than a month ago. This represents an average of \$53.82 for every person in the nation. Most of the increase is represented by Federal reserve notes, which are secured partly by gold reserves in the Federal reserve banks, and partly by commercial notes and other bills of exchange.

## PETROLEUM DEPOSITS UNDER WATER

Announcement is made that the Mexican Secretary of Commerce and Labor is about to issue a concession for the exploitation of the petroleum deposits that are known to exist beneath the waters of the Gulf of Mexico. Geological study and exploration has demonstrated the existence of an abundance of oil off the eastern coast which will prove a great economical addition to the region referred to, for the reason that the exploitation of the "black gold," as petroleum is often called, is said to be much more economically performed there than by the sinking of wells on the land where the oil is supposed to exist.

## METALLIC ORES IMPORTED INTO MEXICO

President Carranza has issued a decree regarding the importation of metallic ores from abroad for the purpose of treating them in Mexican refining plants. The decree recites that gold, silver, copper, lead or zinc, which is imported into the republic in the form of mineral rock, earth or powder for the purpose of being treated, can be exported free of duty within four months following in its metallic state, provided the substances imported have a standard greater than the following: of gold, 2 grams per ton; of silver, 250 grams per ton; of copper, 3 per cent.; of lead, 8 per cent.; of zinc, 15 per cent., provided that the interested parties pay the costs of inspection and assaying. Other industrial metals do not share in this inspection.

## COUNCIL MEMBER DEAD

J. E. Fox, recently elected as a member of the Executive Council of the American Bankers Association, died October 23. Mr. Fox has done some excellent work in connection with getting new members for the Association. He was cashier of the First National Bank of Rockwood, Tenn.

## PRODUCTION OF GOLD AND SILVER

The Bureau of the Mint and the Geological Survey have issued the following joint final statement of the production of gold and silver in the United States during the calendar year 1917:

State or Territory	Gold		Silver	
	Ounces	Value	Ounces	*Value
Alaska .....	709,729	\$14,671,400	1,207,164	\$994,100
Alabama .....	106	2,200		
Arizona .....	250,613	5,180,000	6,962,257	5,733,400
California .....	1,012,461	20,929,400	2,107,107	1,735,200

State or Territory	Gold		Silver	
	Ounces	Value	Ounces	*Value
Colorado .....	772,766	15,974,500	7,291,495	6,004,500
Georgia .....	314	6,500		
Idaho .....	36,511	754,800	11,402,542	9,390,000
Illinois .....			7,116	5,900
Maryland .....			538	400
Michigan .....			684,225	563,400
Missouri .....	15	300	63,344	52,200
Montana .....	177,690	3,673,200	14,555,034	11,986,100
Nevada .....	335,361	6,932,500	11,217,654	9,237,700
New Mexico .....	52,505	1,085,400	1,535,807	1,264,700
North Carolina .....	524	10,800	590	500
Oregon .....	81,624	1,687,300	172,152	141,800
Philippine Islds. ..	69,953	1,446,100	12,715	10,500
Porto Rico .....	5	100		
South Carolina .....	82	1,700		
South Dakota .....	356,662	7,372,900	190,382	156,800
Tennessee .....	267	5,500	106,975	88,100
Texas .....	5	100	587,945	484,200
Utah .....	170,383	3,522,100	13,360,905	11,002,700
Vermont .....	5	100	403	300
Virginia .....	63	1,300	4,500	3,700
Washington .....	23,617	488,200	266,112	219,100
Wyoming .....	179	3,700	3,400	2,800
Total .....	4,051,440	\$83,750,700	71,740,362	\$59,078,100

\*The average dealers' buying price of silver in New York in 1917 was \$0.8235.

## PERSONAL CHECKS IN THE ARMY

The War Department has ordered that army personal and company fund checks upon outside banks will not be cashed at the ports of embarkation. Those desiring to obtain service checks, letters of credit, or cash prior to departure from ports of embarkation will procure drafts or certified checks before arrival at the ports.

## COMMITTEE TO STUDY GOLD MINING

Secretary McAdoo has invited the following to serve on a committee to study present conditions in the gold mining industry: Albert Strauss, Vice-Governor Federal Reserve Board; R. T. Baker, Director of the Mint; Governor Emmet D. Boyle of Nevada; Dr. Edwin F. Gay of the War Trade Board, and Pope Yeatman of the War Industries Board. The function of the committee will be to study the problem carefully and thoroughly with a view to definitely ascertaining all the difficulties confronting gold production and submitting suggestions of sane and sound methods of relief.

## MOTOR TRUCKS ON THE FARM

Motor truck hauls in 1918 from farm to shipping point averaged 11.3 miles, while wagon hauls averaged 9 miles; and a motor truck made 3.4 round trips per day over its longer route of 11.3 miles, while wagons made 1.2 round trips per day over the 9-mile distance. The estimated cost for hauling in wagons from farm to shipping point averaged in 1918 about 30 cents a ton a mile for wheat, 33 cents for corn, and 48 cents for cotton; for hauling in motor trucks or by tractors the averages are 15 cents for wheat or corn and 18 cents a ton-mile for cotton. These figures are based on reports made by correspondents of the Bureau of Crop Estimates of the United States Department of Agriculture.

## EXCHANGE AND FOREIGN TRADE

The National City Bank of New York in its November circular points out that while a good deal of

organized effort is being given to the study and development of our export trade after the war, almost nothing is said about the fundamental matter of how foreign customers are to make payment. The bank says: "This is not a question of their solvency, or of whether sales shall be on ninety days or six months time; it is the question of the equilibrium in foreign relations, or in bankers' language, the question of 'exchange.' The United States has changed over from being a debtor nation to the position where it will have a large balance of payments in its favor. This means new relations and obligations and has direct bearing upon foreign trade.

"The loans of the United States Government to foreign governments now amount to about \$7,000,000,000, and before this lending stops it is probable that including bank loans the total indebtedness to this country will be fully \$10,000,000,000, upon which the annual interest charge will be over \$400,000,000 per year. Moreover, we have bought back most of the American securities that were held abroad. We have nearly always had a merchandise trade balance in our favor, and for the ten years immediately preceding this war it averaged \$498,000,000 per year, but this was practically counterbalanced by the charges and services of various kinds for which we owed Europe. How will our foreign customers make payment for even such a merchandise trade balance as we have had in the past, not to mention a larger one? They cannot pay it in gold. The total production of gold in the world outside of the United States is only about \$400,000,000 per year, and it is perfectly certain that foreign governments will not allow it all to be sent to the United States for goods.

### FINANCING FOREIGN TRADE

Another angle of the same subject is treated by E. A. De Lima, president Battery Park National Bank of New York, in an address before the American Manufacturers' Export Association, in which he said:

"Speaking to you as manufacturers and producers, we are concerned in the matter of financing based on two methods, either you do a direct business with a foreign buyer or you seek to extend your foreign market through the medium of the export commission merchants of this country. Treating of direct transactions, there are several methods by which they may be carried on, assuming that the credit risk has already been determined and established.

"1. You may ship on open account and await the reimbursement from abroad within the terms of the credit granted;

"2. You may ship and draw on the customer either at sight or at long sight and put the draft and documents through your bank for collection abroad, and against these documents it is usually possible to obtain an immediate advance if you are dealing with a bank that knows this class of business;

"3. You may be able to obtain an acceptance credit from your bank whereby you will draw on the bank at 30, 60 or 90 days' sight based on the export draft with documents, and which bank acceptance you can readily discount in this market at a most favorable rate;

"4. You may arrange with your foreign customer to establish a cash credit with a bank in this country, which would be available against the presentation of shipping documents here;

"5. You may require your foreign customer to open an acceptance credit with an American bank whereby you would be enabled to draw your draft at 30, 60 or 90 days' sight, and which credit is furthermore guaranteed by the foreign customer's local bank;

"6. You may require your customer to establish a confirmed credit with his foreign local bank against which you may draw, and which draft would be easily negotiable here.

"In establishing the transactions based on either of these varying conditions it is necessary, in order to do justice to all concerned, that the terms and prices established must be predicated on the method of financing used in each case, so that the customer may be given the greater or less advantage as he relieves you of the credit risk or imposes it upon you.

"To those who are not inclined to establish direct connections with the foreign buyer, there remains the medium of the export commission merchant. I know that in the minds of many of you the export commission merchant is considered a thorn in the side, and I fear that there is too often an inclination to consider him a competitor rather than an ally in the development of our foreign trade; but let me impress you with the fact that the export commission merchant is a necessary link in the chain, and bear in mind, moreover, that he was in the vanguard in the development of our foreign trade."

### ANOTHER PAPER-SAVING CAMPAIGN

"Save paper worth millions by writing the carbon of your answers on the back of the business letters you receive." This call to the business world is issued by the American Forestry Association which has tried out the plan and finds that it works. "Here is a plan for saving paper," says P. S. Ridsdale, secretary of the association and editor of the *American Forestry Magazine*, "that is a great saver of white paper. It will mean a saving of hundreds of pounds of white paper to our organization every year. Simply use the back of the letter you receive to take the carbon impression of your answer to that letter. This cuts filing cost, prevents cluttering up of files and gives you the history of your business with any concern on 50 per cent. less paper. In business today 95 per cent. of the letters is kept within one page. No business man likes to open or read a long letter. A tremendous drain is being made upon our forests for wood for paper. In 1918 we will use about 7,000,000 cords of wood in the making of paper. Let us conserve paper by dispensing with carbon sheets where ever possible. Let us save for victory."

### WAR RECONSTRUCTION CONGRESS

A War Emergency and Reconstruction Congress of industrial war service committee will be held at Atlantic City December 4, 5 and 6. The conference will take up questions affecting the present war situation and reconstruction problems.

## LIBERTY LOAN OVERSUBSCRIBED \$866,416,300

Total subscriptions of \$6,866,416,300 from more than 21,000,000 individuals is the record of the Fourth Liberty Loan, as announced by the Treasury, based on careful estimates by the twelve Federal reserve banks. The entire \$866,416,300 oversubscription will be accepted and applied to reducing the size of the fifth loan, to be offered in the spring. Records by districts were as follows:

District	Quota	Subscription
Boston .....	\$500,000,000	\$632,221,850
Richmond .....	280,000,000	345,000,000

District	Quota	Subscription
Philadelphia .....	\$500,000,000	\$598,500,000
Cleveland .....	600,000,000	696,536,000
Minneapolis .....	210,000,000	239,616,350
St. Louis .....	260,000,000	295,117,900
Atlanta .....	192,000,000	215,653,250
Dallas .....	126,000,000	140,744,600
New York .....	1,800,000,000	2,000,000,000
Chicago .....	870,000,000	959,529,250
Kansas City .....	260,000,000	284,958,350
San Francisco .....	402,000,000	426,000,000

All districts reported oversubscriptions, ranging from 26 per cent. for Boston to a little less than 6 per cent. for San Francisco. The aggregate oversubscription was 14.44 per cent.

## Advertising in the Journal

In view of the many reports which have been spread to the effect that at the Chicago convention of the American Bankers Association the JOURNAL was prohibited from accepting any further advertising, it seems necessary to state that these reports are erroneous and not in accord with the facts. As a matter of information, we give herewith the text of the resolution passed by the new Executive Council at its meeting in the Congress Hotel on Friday evening, September 27:

*"Whereas, The Executive Council of the American Bankers Association at its spring meeting at Hot Springs, Ark., in May, 1918, by unanimous vote, approved the recommendation made jointly by the Administrative Committee and the Finance Committee that the JOURNAL OF THE AMERICAN BANKERS ASSOCIATION be thrown open to advertising; and*

*"Whereas, In the three months during which advertising has been accepted in the JOURNAL it has been amply demonstrated that the JOURNAL as thus conducted is a great potential source of revenue to the Association; and*

*"Whereas, The acceptance and employment for association purposes of funds secured by means of advertising is wholly legitimate and a recognized practice, as evidenced by the fact that the United States Chamber of Commerce, the National Association of Credit Men, the National Geographic Society and the banking associations of other countries all accept advertising in their respective official publications; and*

*"Whereas, In the opinion of this Council, such practice is not in the slightest degree incompatible with the dignity of the American Bankers Association;*

*"Now, Therefore, Be It Resolved, That this Council hereby reaffirms its decision of May 11, 1918, approving the publication of advertising in the JOURNAL; and*

*"Be It Further Resolved, That we commend the excellent work already done in the direction of making the JOURNAL a valuable asset of the Association through the medium of its advertising pages; and*

*"Be It Further Resolved, That the Council hereby reiterates its confidence in General Secretary Farnsworth and approval of his conduct of the JOURNAL."*

## Nelson N. Lampert Dead

Nelson N. Lampert, vice-president of the Fort Dearborn National Bank, Chicago, died October 30 at Excelsior Springs, Mo., after having been stricken with a cerebral hemorrhage.

Mr. Lampert had gone to Excelsior Springs to recuperate from the effects of an attack of grip which ensued just after the convention of the American Bankers Association in Chicago. His arduous work in connection with the preparations for floating the Fourth Liberty Loan, while at the same time he bore the principal burden of the convention work, taxed even his strong physique. Throughout the week of the conven-

tion he seemed to be everywhere, laboring constantly to make the convention the great success that it proved to be.

Nelson N. Lampert served five years, 1911 to 1916, as a member of the Executive Council of the American Bankers Association, and during his second term was a member of the Finance Committee. Combining a big heart with a strong personality, he numbered his friends all over the country and enjoyed a degree of personal popularity which few men attain. The news of his passing will be received with deep regret by all who knew him.



## Meeting of the Administrative Committee

The Administrative Committee of the American Bankers Association will hold a meeting in New York City the latter part of November for the purpose of discussing numerous matters which were referred to it at the Chicago Convention and meeting of the Executive Council. Among other things, the Administrative Committee will endeavor to fix the time and place for the next spring meeting of the Council and the next annual convention. It will also make appointments of vice-presidents for the foreign countries in affiliation with the American Bankers Association and will make appointments to the numerous committees of the Association.

The present members of the Administrative Committee are:

Robert F. Maddox of Atlanta, Ga., President of the Association; Richard S. Hawes of St. Louis, Mo., First Vice-President; John W. Platten of New York, President of the Trust Company Section; Victor A. Lersner of Brooklyn, N. Y., President of the Savings Bank Section; Oliver J. Sands of Richmond, Va., President of the National Bank Section; C. B. Hazlewood of Chicago, President of the State Bank Section; Charles A. Hinsch of Cincinnati, Ohio; W. P. Sharer of Zanesville, Ohio, and C. J. Bell of Washington, D. C.

## Credit Men Pass Banking Resolutions

At the recent annual meeting of the officers and directors of the National Association of Credit Men at Atlantic City, for the Banking and Currency Department, the following minute was unanimously adopted:

A work well done can constantly be the subject of congratulation, and whilst at conventions of the National Association of Credit Men and at former annual meetings of its Board of Directors the Federal Reserve Act has been given unstinted praise and confidence, yet it seems desirable and proper that the officers and directors of the National Association of Credit Men, in present annual meeting, should congratulate the nation on the possession of a banking and currency system that has demonstrated superior powers and when recalling the patient endurance of half a century with its periodic financial disturbances and disorders, it would seem as almost a providential preparation that the Federal Reserve Act was adopted even in the face of opposition when the nation was about to enter upon its greatest task.

The science of the Federal Reserve Act may be expressed in the terms of its abilities to release commercial and agricultural credits for the foundation of a flexible currency and the support of an increasing commerce and the needs of the nation in every emergency. These abilities rest upon the form in which a credit is expressed, and only when there is a written and definite recognition of the credit obligation can the release be accomplished; therefore, in the sincere opinion of the officers and directors of the National Association of Credit Men, the science of the act, with the expression of its best powers tends to place the commercial credits of the nation on an acceptance basis.

The trade acceptance is unquestionably the most adaptable and sufficiently flexible credit instrument for the acknowledgment of obligations arising from the sale and purchase of merchandise, giving to each transaction a definiteness and character which cannot be accomplished when there is no written recognition of the obligation, tending to bring merchandise transactions into better order, to reduce the losses and vexatious costs which attend the merely implied promise of payment; therefore, the officers and directors of the National Association of Credit Men, in annual meeting assembled, view with favor and sincere approval the indorsement given at former meetings to the trade acceptance, and believe that this form of credit instrument possesses all the features which are desirable and mutually just and useful in the credit transactions of men with one another.

Whilst recognizing that certain opposition controls at present to the trade acceptance, and that no good thing has ever come to the nation in any of its departments except through the travail of opposition, and desiring that the development of the trade acceptance as the nation's chief instrument, in merchandise transactions shall be through an intelligent process, the officers and directors of the National Association of Credit Men do not approve of any program

that is not strictly educative and to particularize—no foundation can be discovered for the fear that the trade acceptance is antagonistic to the cash discount, for it is not the sales terms themselves, but merely an acknowledgment of the obligation, nor that there is the slightest antagonism to the rights and interests of the buyers of merchandise, but, to the contrary, the benefits of the system will redound alike to the interests of both.

Just as the Constitution of the United States received greater significance from its interpretation rather than from its phraseology, so largely, in a similar manner, the Federal Reserve Act has been given greater vitality and application through the manner of its interpretation and again, therefore, the officers and directors of the National Association of Credit Men congratulate the nation and the administrators of the act, the Federal Reserve Board and the officers of the Federal reserve banks for the patriotic, wise and fearless manner in which they have performed their duties, and thus have demonstrated the superiority of individual intelligence and honest action to merely political incentive.

The retirement of Mr. Paul M. Warburg from the Federal Reserve Board is a distinct loss to the nation, and it is a sincere pleasure for the officers and directors of the National Association of Credit Men to recognize his great financial skill, the staunchness of his character, his patriotism to the nation and the qualities which have made him a splendid interpreter of the Federal Reserve Act and a public servant of which the entire nation can be proud.

It is very gratifying to the officers and directors of the National Association of Credit Men to note the number of state banking institutions operating commercial departments which were legally empowered to do so, that have entered the Federal reserve system during the past twelve months, and it is their sincere hope that the movement will grow and that all banking institutions operating under state charters and without legal disabilities should become units of the national system, thus co-ordinating the financial powers of the nation and increasing its commercial as well as its defensive abilities.

The officers and directors of the National Association of Credit Men in annual meeting assembled, regard with approval and sincere appreciation the splendid work accomplished by the American Trade Acceptance Council, with which Council the association, through appointed representatives, has cordially co-operated. Especially are thanks due the Chairman of the Council, Mr. Lewis E. Pierson of the Irving National Bank of New York, for his unselfish work; and considering what has been accomplished in the past for the promotion of the trade acceptance and a wider understanding of its sound and desirable principles, the hope is expressed that the functions of the Council may broaden and that it may receive the earnest and complete support of all credit grantors interested in the credit instrument that tends to the better welfare and stability of credit transactions.

# LEGAL DEPARTMENT

THOMAS B. PATON, GENERAL COUNSEL

## Stamp Tax on Checks

THE Senate Committee on Finance on October 15 in the course of their consideration of the Revenue bill as it came from the House, inserted an amendment providing for a stamp tax of two cents upon bank checks. Our Association being on record as against such a tax, a circular was immediately issued to members of the Federal Legislative Council and their subcommittees; also to State Vice-Presidents of the Association and of the Sections, members of the Executive Council other than those on the Federal Legislative Council and the Secretaries of the State Bankers' Associations, advising them of the action taken and requesting that the attitude of our Association be conveyed to members of the Senate, and especially to members of the Finance Committee, with reasons why this tax is objectionable and will do more harm than good.

The imposition of such a tax would, to a considerable extent, reduce the deposits of the small country banks and divert a great amount of cash in the aggregate in the banks to the pockets of individuals who would pay their bills in cash rather than by check. At this time, especially, the withdrawal of such funds from the banks would work disastrously for the Government, as credit is the basis of the situation and a

material reduction of deposits would result in a six-fold contraction of credit facilities. Nothing, therefore, should be done to discourage bank deposits and the use of credit instruments. The injury and inconvenience caused would far outweigh any benefit to the Government derived from the proceeds of such a tax.

The insertion of the tax by the Senate Finance Committee is simply history repeating itself. In June, 1917, a stamp tax of two cents on checks over \$5 was voted by the Senate Finance Committee into the War Tax Bill. Our Committee on Federal Legislation at that time protested the exemption of \$5, but did not oppose the tax. Before the bill was reported to the Senate, the exemption referred to was removed and later, while the measure was being debated in the Senate, the tax on checks was stricken out.

Our Committee presume the members of the Senate are of the same mind this year and that they will strike out the tax from the Revenue bill, if the same is reported by the Senate Finance Committee. But it would seem the part of wisdom to refresh the minds of the Senators with the sound economic reasons why such a tax is unwise and will injure rather than benefit the country.

## Acknowledgment of Transfer of Registered Liberty Bonds Before State Bank Officers

THE law of Congress under which the various bond issues are authorized, provides that "the transfer of registered bonds shall be made under such rules and regulations as the Secretary of the Treasury shall prescribe." A note, of which the following is an extract, is imprinted on the First and Second Liberty Registered Bonds as follows:

"The execution and acknowledgment of an assignment of the within bond, when not made at the Treasury Department, must be made before a judge or clerk of the United States court, a United States district attorney, a collector of customs, a collector of internal revenue, an assistant treasurer of the United States, or an executive officer of a national bank or of a Federal reserve bank or one of its branches who is authorized by the bank to perform acts attested by the seal of the bank. A notary public is not authorized to witness assignments."

In view of the above provision, inquiry has been made from time to time by officers of state banks and trust companies as to their eligibility to take such acknowledgments. It has been stated that the state chartered institutions, equally with the national banks,

have worked loyally in obtaining subscriptions to the various Liberty Bond issues and unless their officers were qualified to take acknowledgments of transfers of registered bonds, it would mean they would have to send their customers, in many cases, to competing banks for the purpose of effecting such transfers.

This question was set at rest nearly a year ago when, under date of December 26, 1917, Treasury Department Circular No. 100 was issued announcing that:

"The following regulations will govern transactions involving interchanges of bonds of different denominations and of coupon and registered bonds and transfers of registered bonds of the First and Second Liberty Loans of 1917 and of the First Liberty Loan of 1917 Converted \* \* \*. The officers authorized to witness the execution and acknowledgment of the assignments of registered bonds are the following: Judges and clerks of United States courts; United States district attorneys; collectors of customs; collectors of internal revenue; assistant treasurers of the United States located in Boston, New York, Philadelphia, Baltimore, Cincinnati, New Orleans, Chicago, St. Louis, and San Francisco; executive officers of Federal reserve banks and their branches located in Boston, New York, Philadelphia, Cleveland, Richmond (with branch

at Baltimore), Atlanta (with branch at New Orleans), Chicago, St. Louis, Minneapolis, Kansas City (with branches at Omaha and Denver), Dallas, and San Francisco (with branches at Seattle, Spokane and Portland); executive officers of national banks and of other incorporated banks and trust companies organized under the laws of any state, whether or not members of the Federal reserve system; and in the District of Columbia the executive officers of any trust company doing business in said district under the laws of Congress. Registered bonds also may be assigned at the Treasury Department, Washington. In the absence of any officer authorized to witness assignments upon application to the Secretary of the Treasury, Division of Loans and Currency, Washington, special authority will be issued for a postmaster to act. Notaries public are not authorized to witness assignments. In all cases the officer before whom an assignment is executed

and acknowledged must add his official designation, residence, and seal, if he has one, same being affixed to the bond."

Under the above it is seen, not only executive officers of national banks but "of other incorporated banks and trust companies organized under the laws of any state, whether or not members of the Federal reserve system," as well as executive officers of trust companies doing business in the District of Columbia, are authorized to witness the execution and acknowledgment of the assignment of registered bonds. We are informed that these provisions apply to all United States Registered Bonds and are not restricted to Liberty Bonds only.

## Contributions by National Banks to War Work Organizations

**A**T the recent Convention at Chicago the following resolution was adopted:

*Resolved*, That the American Bankers Association, in convention assembled at Chicago this twenty-sixth day of September, 1918, favors and urges legislation by Congress which, for the duration of the war, will legalize (as has already been done in regard to the American National Red Cross) the making of contributions by national banks towards the funds required for the united war work of the following organizations: Young Men's Christian Association, Young Women's Christian Association, National Catholic War Council, Jewish Welfare Board, War Camp Community Service, American Library Association and the Salvation Army, such contributions to be made on the vote of the boards of directors, and charged to the expense accounts of the banks making them.

*Resolved Further*, That the Secretary of the Association shall send a copy of this resolution to the President of the United States, the chairman of the Banking Committee of the United States Senate and House of Representatives for the information of their respective committees and to the Comptroller of the Currency.

On October 14 the following joint resolution (S. J. Res. 179) was passed by the Senate:

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled*, That it shall be lawful for any national banking association to contribute to the united war work campaign in the same manner and under the same conditions as they are authorized to contribute to the American National Red Cross by section one of the Act entitled "An Act authorizing national banks to

subscribe to the American National Red Cross," approved May 22, 1918.

The above resolution was on October 18 referred to the Committee on Banking and Currency in the House of Representatives and at this writing (October 25) has not been reported. It is not unlikely, however, that this legislation will be passed by the House before this issue of the JOURNAL reaches our readers.

The Act authorizing national banks to subscribe to the American National Red Cross, approved May 22, 1918, is as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That during the continuance of the state of war now existing it shall be lawful for any national banking association to contribute to the American National Red Cross, out of any net profits otherwise available under the law for the declaration of dividends, such sum or sums as the directors of said association shall deem expedient. Each association shall report to the Comptroller of the Currency within ten days after the making of any such contribution the amount of such contribution and the amount of net earnings in excess of such contribution. Such report shall be attested by the president or cashier of the association in like manner as the report of the declaration of any dividend.

Sec. 2. That all sums so contributed shall be utilized by the American National Red Cross in furnishing volunteer aid to the sick and wounded of the combatant armies, the voluntary relief of the Army and Navy of the United States, and the relief and mitigation of the suffering caused by the war to the people of the United States and their allied nations.

## "Snatch-Theft" Clause in American Bankers Burglary Policy

At the suggestion of the Secretary of the Insurance Committee, General Counsel Paton writes as follows:

Referring to the new copyrighted 1918 form of American Bankers Burglary and Robbery Policy, the Insurance Committee in its Annual Report to the Convention said:

"The liability of the insurance company for robbery has

heretofore been limited to a felonious and forcible taking of property by violence inflicted upon the person or persons in the actual care and custody of the property at the time, or by putting such person or persons in fear of violence. The new policy has broadened this liability to include loss due to any 'overt felonious act committed in the presence of such person or persons, and of which such person or persons were actually cognizant at the time of its occurrence.' As the so-called 'snatch-theft' losses have never been heretofore covered



except in the high-priced blanket bond or in the Lloyd's policy, it is to be expected that this change in the new policy will pay many losses of member banks covering which heretofore they have had no claim."

The above has led to the inquiry whether the policy covers, or is intended to cover, all cases of sneak-theft. Such is not the interpretation nor was it so intended. The policy covers any "overt felonious act committed in the presence of such person or persons, and of which such person or persons were actually cognizant at the time of its occurrence." This would cover money taken

by a snatch-thief where the teller of the bank actually saw him take the money, but would not cover money so taken where the teller's back was turned and he was not cognizant of the taking at the time thereof. The quoted clause is as far as the insurance companies would agree to go in the extension of the insurance to cases of snatch-theft and, as stated in the report of the Committee, the new policy will pay many losses of member banks as to which they have, heretofore, had no claim.

## Opinions of the General Counsel

### PAYMENT OF FORGED CHECK

*Where a bank pays a forged check and returns same to its customer as a voucher and the customer, after discovering the forgery, fails for eight months to notify the bank thereof, the bank can hold the customer responsible for the amount, if the unreasonable delay has worked to its injury—Where a bank pays a check upon which both drawer's signature and payee's indorsement are forged, some courts hold, and others deny, the bank can recover the money as paid upon a forgery of the indorsement, and in Nebraska the Supreme Court has expressed the opinion that the rule allowing recovery in such case is sound.*

From Nebraska—We are writing you for some information in regard to the legal side of a transaction we have had and which I will explain to you. On December 13, 1917, we cashed a check signed John Doe in the amount of \$45, the check being indorsed by Richard Roe and Peter Roe. In February John Doe got his statement with cancelled checks from the bank and found this check among them. He says he knew at the time that it was a case of forgery, but he never reported it to us until yesterday. It now develops that the indorsement of Richard Roe on the back of the check is also a forgery, although the indorsement of Peter Roe is genuine. What we want to know is whether, after this long time since the cancelled check was returned to John Doe, he can hold the bank for the \$45, and if so, whether we can go back on to Peter Roe, the indorser from whom we secured the check.

Your inquiry raises the question whether a bank which pays a forged check in December, returns the check as a paid voucher to its depositor in February following and the depositor does not notify the bank of the forgery for eight months thereafter, although he discovers same at the time of the return of the voucher, can charge the amount to its customer's account.

The general rule is clear that where a bank pays a check on which the drawer's signature is a forgery, it cannot charge the amount to the customer's account in the absence of negligence or fraud on the part of the latter, but the courts hold that where paid vouchers are returned to a customer, it devolves upon the latter to examine within a reasonable time and with ordinary care the account rendered by the bank and to report to the bank without unreasonable delay any error which he discovers. In the present case, the delay of eight months after discovery of the forgery in reporting same to the bank would be held, I think, a neglect of duty on the customer's part. A number of courts

hold, however, that the failure of a customer to promptly notify, after discovery, the payment of a forged check, does not absolve the bank from liability unless it appears that the bank has been damaged as a result of the unreasonable delay and that such damage must be affirmatively proved by the bank; that there is no presumption that the bank has suffered loss and unless the bank affirmatively proves that the delay has worked to its disadvantage, the customer is not estopped from recovering the amount of his deposit. See, for example, *Janin v. London & San Francisco Bank*, 92 Cal. 14; *Murphy v. Metropolitan National Bank*, 191 Mass. 159. But other courts take the view that the failure to promptly notify creates a presumption of damage to the bank. In *McNeely Co. v. Bank of North America*, 221 Pa. 588, the Supreme Court of Pennsylvania said: "As soon as a bank learns that it has paid a check on a forged signature of a depositor, or on a forged indorsement on his check, it is its duty to promptly restore to the depositor's account what was improperly taken from it, and its right at the same time is to proceed against those who wrongfully got the money. This right is to proceed immediately, and to the promptness with which a bank is able to exercise its recovery is often due. When a depositor withholds from his bank his knowledge of the forgery, he withholds from it this right to proceed promptly for its own protection. It may or may not be able to recover from the forger by promptly proceeding against him, but its right is to try by so proceeding; and, when one of its depositors discovers that he has innocently sustained a loss, he ought, not only in all good conscience, but as a legal duty, to notify it at once of its mistake; for, by withholding from it what he has discovered, he can, as just stated, gain nothing but it may lose all. A forger may be insolvent or beyond the reach of civil or criminal process, but, by prompt proceedings against him, others may become interested in him and come to his assistance, who, after delay, may not do so. This incident to a bank's right to promptly proceed against a forger is not to be overlooked."

I do not know what the Supreme Court of Nebraska would hold upon this proposition, but at all events the case seems to be one where, if your bank could show that it was damaged as a result of the eight months delay of your customer in failing, after discovery, to notify you that his signature had been



forged upon a check paid by your bank, you would have a right to hold him responsible for the amount.

Aside from this question of responsibility for the loss as between your bank and your customer, is the further question of your right to recover from the person receiving payment of the forged check. The general rule is well established that the drawee is bound to know the signature and where it makes payment upon a forgery, cannot recover the money paid from an innocent holder. The Supreme Court of Nebraska in *State Bank of Chicago v. First Nat. Bank of Omaha*, 127 N. W. 244, has thus announced the rule: "The great weight of authority sustains the proposition that as between the drawee and a good faith holder of a draft, the drawee bank is to be deemed the place of final settlement where all prior mistakes and forgeries shall be corrected and settled once for all; and if not noticed and payment is made, the money cannot be recovered back \* \* \*. We are of opinion that the Orleans case, supra (*First National Bank of Orleans v. State Bank of Alma*, 22 Neb. 769), commits this court to the doctrine that the drawee must establish the cashing bank's negligence, or bad faith, to justify a recovery. Since the drawee should only recover in this suit in case the cashing bank was negligent or has acted in bad faith, the burden is upon the former to plead such negligence or mala fides. The pleader in the instant case, in our opinion, has not stated in his petition the facts sufficient to establish that the defendant was negligent or that it acted in bad faith in purchasing from Viterna (the payee) the forged draft in question."

The above quotation illustrates the Nebraska rule, namely, that the drawee, after paying a forged check, cannot recover back the money unless it pleads and proves that the holder was negligent in purchasing the instrument or was guilty of bad faith.

You do not state any facts bearing upon the question whether the holder to whom you made payment of this forged check was guilty of negligence in acquiring the same from the forger. You do state, however, that in addition to the forgery of your customer's signature, that the indorsement of the payee named in the check was also a forgery. In such a situation, where both drawer's signature and payee's indorsement are forgeries, the courts of the country which have passed upon the question are divided upon the drawee's right of recovery. Some courts hold that while the drawee is estopped to deny the genuineness of the drawer's signature, there is no estoppel as to the payee's indorsement and where that is also forged, the drawee may recover as upon a check bearing a forged indorsement, notwithstanding the fact that the drawer's signature is also forged. Other courts hold the contrary. There is an expression of opinion by the Supreme Court of Nebraska in *State Bank of Chicago v. First National Bank of Omaha*, supra, which favors the drawee's right of recovery in such case, although the point was not before the court for decision as the payee's indorsement was genuine. The court, referring to the decision of the Supreme Court of Illinois in *First National Bank v. Northwestern National Bank*, 152 Ill. 296, in which it was held that the drawee might recover where the payee's indorsement was also a forgery, said:

"The court holds that while the drawee by paying a draft is estopped from thereafter denying the drawer's signature, it does not warrant the signature of any indorser, but the indorser warrants the genuineness of all preceding indorsements; that the parties stood as though the bills were genuine, but the indorsements of the payees forged, and the drawee for that reason could recover the money paid by it to the holder of the paper. *The opinion is sound*, but has no application to the instant case, because there were no forged indorsements upon the bill in question."

The above discussion leads to the conclusion that (1) in all probability your bank would have the right to hold your customer responsible for the amount of this check if it can be shown that his eight months' delay in notifying you of the forgery of his name worked to the injury of your bank; furthermore (2), the payee's indorsement as well as drawer's signature having been forged upon this check, it would seem that you would have a right of recovery from the last holder receiving payment based on the line of decisions allowing recovery in such cases, the rule upheld by such decisions having been pronounced sound by the Supreme Court of Nebraska.

#### LIABILITY OF DRAWER TO INNOCENT HOLDER OF STOPPED CHECK

*The drawer of a check who stops its payment at the request of the payee is liable thereon to a holder in due course for its face amount with interest and protest fees, together with court costs in case of suit; but there is no additional liability to such holder for damages because of such stoppage of payment.*

From Colorado—A client of ours purchased a draft on our Chicago correspondent for \$2,500. Two days after issuing said draft, we received a wire from the payee requesting us to immediately wire stop payment to our Chicago correspondent upon said draft of \$2,500. No reasons were given in the telegram why payment should be stopped. Our Chicago correspondent shortly after receipt of our wire answered that draft had been presented for payment and instructing us to wire if it should be paid or not. We replied that payment should be stopped following instructions of our client. It seems that this draft had come into the hands of an innocent holder, at least we are so informed by our Chicago correspondent, and this innocent holder now threatens to bring suit for severe damages which he has sustained by reason of this stop payment order. We are in a rather peculiar position, as our client, through a certain business transaction, has become financially embarrassed, and there seems to be little hope that we can have recourse on him in case of need. Would you be kind enough to let us know whether or not we are responsible in damages to the innocent holder, or whether we are answerable only for the amount of the draft?

Your bank is, of course, responsible as drawer to the holder in due course of your draft, payment of which was stopped by you at the request of the payee; but this responsibility I think would be only for the amount of the draft, with interest and protest fees, together with court costs in case of suit; beyond this there would be no ground for recovery of damages against you.

Section 61 of the Negotiable Instruments Act (Colo. Stat., Sec. 5111), provides:

The drawer by drawing the instrument admits the existence of the payee and his then capacity to indorse; and engages that on due presentment the instrument will be accepted or paid, or both, according to its tenor.

and that if it be dishonored and the necessary proceedings on dishonor be duly taken, he will pay the amount thereof to the holder, or to any subsequent indorser who may be compelled to pay it. But the drawer may insert in the instrument an express stipulation negating or limiting his own liability to the holder.

(In Colorado Act the word "subsequent" near the end of the first sentence is omitted.)

The above, I think, provides the measure of damages which would be recoverable against you as drawer, including, of course, interest, protest fees and court costs as above stated.

I do not think the fact that your bank stopped payment of your draft, which was in the hands of an innocent purchaser, would create any liability on your part to such innocent purchaser for additional damages. Where a bank wrongfully refuses payment of its customer's check, the latter has a right of action for damages, in addition to the amount of the check, because of injury to his credit; but the reason for allowing damages in such case does not apply to the indorser of a check, payment of which has been stopped. The drawer whose check is wrongfully dishonored may suffer in his business reputation and in his ability to obtain credit; but the indorser of a check, payment of which is refused by order of the drawer—let us assume without good cause—although he is virtually a new drawer, does not receive like injury to his credit by non-payment of the check because it is not his check which has been dishonored, but the check of some one else. I know of no decided case in which the drawer of a check, payment of which he has stopped, has been held liable to the holder for more than the amount of the check and interest and do not think there is any additional liability in the present case.

#### BANK'S RIGHT OF SET-OFF

*Under the rule generally prevailing a bank has a right to set off a matured debt against a customer's account without his consent—but in Louisiana a special rule prevails that the bank is not authorized to apply a customer's deposit to payment of his debts, except there is a special mandate from the depositor or agreement or course of dealing so authorizing.*

From Louisiana—We had a note on Mr. Doe and he deposited some money with us on the day his note came due. The next day we charged his note up to his account, as we had been carrying this note for four years and renewed it each year as it came due, he never paying any interest and the note gradually getting larger each year. The note was past due and as we did not care to carry it on and thought he was not going to pay us at all, we charged his account with the amount of his note. Now he goes ahead and checks on us just as if he had the money here, although we have notified him that we charged the note to his account. He has now turned his claim over to an attorney for collection, stating that he has checked on us and we refused to pay his checks, as he had not told us to charge up his note, and is not going to pay us anything as he had other debts to pay. Kindly advise us if you think he has any recourse under the laws of the state of Louisiana.

The almost universal rule throughout the country is that a bank has the right to set off a matured debt against a customer's account, without his consent, and

if as a result of the set-off the account is depleted so as to be insufficient to pay the customer's checks, it can refuse to pay such checks without incurring liability to him for injuring his credit.

But in the state of Louisiana a special rule has prevailed, peculiar to that state. As early as 1857 the rule was laid down that the depository is not authorized to apply the funds on deposit in his hands to the payment of the debts of the depositor, except there is a special mandate from the depositor, or a course of dealing which will justify such application of the funds. *Morgan v. Lathrop*, 12 La. Ann. 257. In this case the court said: "For whatever might be the opinion of the court, were the question presented for the first time under Article 2934 of the Civil Code, we think it must now be considered as settled law, in the confidential contracts arising from irregular deposits of this nature, that compensation does not take place, and that the depository is not authorized to apply the funds on deposit in his hands to the payment of the debts of the depositor, except there is a special mandate from him, the depositor, or a course of dealing which will justify such application of the funds. See *Breed v. Purvis*, Wood & Co., 7 Ann. 35, and *Bludworth v. Jacobs*, 2 An. 25; 10 Rob. 200; and *Bogart, Williams & Co. v. Egerton*, 11 Ann. 73. The conclusion arrived at by this court in the cases cited, is in conformity with those of *Toulier* and *Marcadé* on Article No. 1293 of the Napoleon Code, which is identical with Article 2207 of our own code. This article declares that compensation does not take place against a demand for the restitution of a deposit or a loan for use."

In *Gordon v. Muchler*, 34 La. Ann. 604, it was held that a bank cannot apply funds on deposit to the payment of a debt due it by the depositor; that never takes place in such a case without the special assent of the depositor.

In *Hancock v. Citizens' Bank*, 33 La. Ann. 592, the court said: "Repeated adjudications in the jurisprudence of this state have placed beyond the domain of further controversy the principle that compensation does not take place in the confidential contracts arising from irregular deposits, such as the deposit of money with a banker, and the depository is not authorized to apply the funds on deposit in his hands to the payment of the debts of the depositor, except there is a special mandate from him."

However, in Louisiana a bank may attribute money on deposit to the payment of a debt to itself by its depositor, where it holds from the depositor a special mandate to that effect. *Succession of Grayard*, 106 La. 298; *Fory v. American Nat. Bank*, 136 La. 298. In this latter case it was held that an agreement entered into between a bank and a depositor with said bank, that a certain deposit to be made in the future by said depositor shall be placed by the bank to the credit of a past-due note of the depositor, which note was held by the bank, is a binding agreement.

It follows that in the case stated by you unless there was an agreement with your depositor under which you were entitled to set off his matured indebtedness against his deposit account, or a special mandate from the depositor authorizing you to apply his deposit upon this particular note, your bank did not have the

right to charge his account with the amount of the note. The law of Louisiana, as stated, is peculiar in this respect and is contrary to the rule prevailing in other states.

#### MORTGAGE INDEBTEDNESS PAYABLE IN GOLD COIN

*Where a note and mortgage provide for payment in gold coin, the creditor is entitled to payment, specifically, in gold and can recover and enforce judgment payable specifically in that medium.*

From Minnesota—A customer of ours holds a mortgage which provides for the payment at maturity in gold coin. He insists upon payment being made in gold, and inasmuch as same is unobtainable from the banks at this time, what procedure can he take in the enforcement of the contract?

If the early decisions of the Supreme Court of the United States in 1869 and 1872 are still to be followed, the holder of a note secured by mortgage payable in gold coin has a right to insist upon payment in gold coin and in the event of refusal to recover judgment specifically enforceable in that medium.

In *Bronson v. Rodas*, 7 Wall. 229, decided in 1869, the Supreme Court held that a contract to pay a specific number of dollars in gold and silver coins was an agreement to deliver a certain weight of standard gold and silver coins made legal tender by statute; that such contract cannot be satisfied by a tender of United States notes, but payment must be made according to the terms of the contract and that when contracts made payable in coin are sued upon, judgments may be entered for coined dollars and parts of dollars.

In *Butler v. Horwitz*, 7 Wall. 258, decided at the same term a contract to pay rent of \$40 in gold and silver coin was sued upon and judgment was rendered for \$59.71, being the damages for non-performance assessed in legal tender currency. The Supreme Court reversed the judgment. It said: "When, therefore, it appears to be the clear intent of a contract that payment or satisfaction shall be made in gold and silver, damages should be assessed and judgment rendered accordingly. It follows that in the case before us judgment was erroneously entered. The damages should have been assessed at the sum agreed to be due, with interest, in gold and silver coin and judgment should have been entered in coin for that amount, with costs."

To the same effect is *Trebilcock v. Wilson*, 12 Wall. 687, decided in 1872.

At the present time, when all forms of money are on a parity with gold, there is not the same reason for the distinction as when \$5 in legal tender paper had a less purchasing power than \$5 in gold coin; at the same time the decisions above referred to stand as the law and it would seem to follow that where your customer holds a note, secured by mortgage, payable in gold coin and payment of gold is refused, he would have the right to recover judgment payable specifically in gold. This would mean, as I take it, that in the levy of execution upon such judgment and sale of the property of the judgment debtor, the sheriff should realize the proceeds in gold. For example, in the collection of judgments for duties on imports, Section

3014 of the United States Revised Statutes provides that "The execution issued on such judgment shall set forth that the recovery is for duties and shall require the marshal to satisfy the same in the coin by law receivable for duties; and in case of levy upon and sale of the property of the judgment debtor, the marshal shall refuse payment from any purchaser at such sale in any other money than that specified in the execution."

Should the situation be conceived where it was physically impossible to obtain gold to make payment, presumably the general rule would apply that where performance becomes impossible subsequent to the contract, the promisor is liable in damages for non-performance. But in such a contingency it is difficult to see where a creditor would be damaged beyond the amount of the debt in view of the fact that paper legal tender is on a par with gold. There is a distinction, however, between impossibility of performance and difficulty of performance, and in the present case where the creditor insists on gold which the debtor cannot obtain from the banks, but which it is not impossible to obtain elsewhere, I think under the decisions referred to the creditor would have a right, upon refusal of payment, to recover judgment and enforce payment thereof in gold.

#### CHECK GIVEN FOR GAMBLING DEBT

*In Illinois and many other states a check or other instrument given in payment of a gambling debt is void and has been held unenforceable even in the hands of a bona-fide holder—In some states, it has been held the Negotiable Instruments Act protects the holder in due course of such an instrument, while in other states the contrary has been held.*

From Illinois—Richard Roe issues his check to his own order and indorses same on back, Richard Roe, and delivers same to John Doe. Before the check was presented to bank, Richard Roe notifies the bank to refuse payment, stating that the check was given for stakes in a gambling game at cards. Bank refuses to pay check and hands same back to holder, John Doe, without any notation which would indicate that the check was not a valid, negotiable instrument. John Doe, notwithstanding the fact that he had been notified by the bank that the check was refused payment, cashed same at this bank, we of course having no knowledge of the history of the check, and knowing that the drawer of same was responsible, and while we did not know the holder, we regarded the check as being payable to bearer, same having been indorsed by the drawer. What, if any, is our remedy? Who, if any one other than the John Doe party, is liable to us?

Under the statute of Illinois a check or note given in payment of a gambling debt is void and it has been held by the Supreme Court of Illinois that the instrument is void and unenforceable even in the hands of a bona-fide holder. *Pope v. Hanke*, 155 Ill. 617.

The Negotiable Instruments Act provides that the title of a person negotiating an instrument is defective where the instrument is obtained "for an illegal consideration," but it provides that a holder in due course "holds the instrument free from any defect of title of prior parties." Under this it has been held in some states that the statutes previously in force declaring void instruments given for gaming are impliedly repealed by the Negotiable Instruments Act (See, for



example, *Wirt v. Stubblefield*, 17 App. D. C. 283), but decisions in other states hold that the Act has no such effect and the holder in due course is not protected thereunder. *Alexander v. Hazelrigg*, 97 S. W. (Ky.), 353.

The check in the present case was void because given for a gambling debt and the remedy of the bank which purchased the check from John Doe against the drawer will depend upon whether the Illinois courts take the view that the holder in due course is protected by the Negotiable Instruments Act, or otherwise. If it should be held that the check is void and unenforceable even in the hands of a holder in due course, notwithstanding the Negotiable Instruments Act, then the only remedy of the purchasing bank would be against John Doe who warranted the instrument to the subsequent purchaser.

#### BANK AS WARRANTOR OF BILL OF LADING

*The almost universal judicial rule in this country now enacted in statutory form as to interstate bills by Section 36 of the Federal Bill of Lading Act, is that a bank which purchases a draft with bill of lading attached is not responsible to the drawee who pays the draft for the genuineness of the bill or the quantity or quality of the goods therein described.*

\*From Colorado—As attorney for the — Bank of this place, I have been requested to ask you if there is any liability attaching to a bank on account of receiving payment of a draft with an attached bill of lading for consigned goods, in payment of purchase price, where it afterward develops that the goods or merchandise delivered or to be delivered were defective, injured, damaged or lost, etc. In other words, is the receiving bank to which payment of the money is made, liable as agent of the seller, or otherwise, as having, by implication or otherwise, guaranteed the quantity or quality of the goods sold or purchased, unless by qualifying its indorsement transferring the bill of lading, it expressly provides against such contingency? I have been unable to find any authority so holding such liability, and would appreciate your giving me such information on the subject as you may have.

In the year 1898 the Court of Civil Appeals of Texas in *Landa v. Lattin*, 19 Tex. Civ. App. 246, held that a bank which purchased a draft attached to a bill of lading for wheat, was liable to the drawee, from whom it had collected the draft, for a defect in the wheat covered by the bill of lading. Following this, came decisions in North Carolina, Mississippi and Alabama, to like effect, holding a bank, which purchased a bill of lading draft, liable to the drawee for a defect in the quality, or a shortage of goods. See *Finch v. Gregg*, 126 N. C. 176; *Searles v. Smith Co.*, 80 Miss. 688, and *Haas v. Citizens Nat. Bank*, 144 Ala. 562.

Thereafter, however, this warrantor doctrine was repudiated by the Supreme Courts of Texas, North Carolina and Alabama. *Blaisdell Co. v. Citizens Nat. Bank*, 96 Tex. 626; *Mason v. Nelson Cotton Co.*, 148 N. C. 492; *Cosmos Cotton Co. v. First National Bank*, 54 So. (Ala.) 621.

Furthermore, the courts in a number of other states, rendered decisions contrary to the warrantor doctrine, holding that a bank which purchased a draft with a bill of lading attached was not liable to the drawee who paid the draft because the goods were not

up to contract. Among other decisions so holding are *Tolerton-Stetson Co. v. Anglo-California Bank*, 112 Ia. 706; *Hall v. Keller*, 64 Kan. 211; *German-American Bank v. Craig*, 70 Neb. 41; *Leonhardt v. Small*, 117 Tenn. 153 and the Supreme Court of the United States has also held that a bank collecting a draft having a forged bill of lading attached does not warrant the genuineness of the bill and is not liable to refund payment of the draft to the drawee. *Goetz v. Bank*, 119 U. S. 551.

At the present day, therefore, the judicial law of the country is almost universal—Mississippi alone excepted—to the effect that a bank which purchases a bill of lading draft and collects payment from the drawee does not warrant to the latter, and is not liable for, the genuineness of the bill or the quality, quantity or condition of the goods represented thereby.

Furthermore, Section 36 of the Federal Bill of Lading Act, which was advocated by our Association and passed by Congress August 29, 1916, provides a statutory rule of non-liability in such cases as follows:

"Sec. 36. That a mortgagee or pledgee or other holder of a bill for security who in good faith demands or receives payment of the debt for which such bill is security, whether from a party to a draft drawn for such debt or from any other person, shall not be deemed by so doing to represent or warrant the genuineness of such bill or the quantity or quality of the goods therein described."

From the above, you will see that according to the almost universal judicial rule prevailing in this country which has been now codified into a Federal statute which applies to all interstate bills of lading, the bank receiving payment of the draft for the purchase price of goods represented by an attached bill of lading is not liable to the payor for a defect in the quality or a shortage of the goods, and there is no necessity, generally speaking, of stamping on the draft an express disclaimer of such warrantor liability except possibly in the case of intrastate bills of lading in Mississippi.

#### BANK AS PLEDGEE OF CORPORATE STOCK

*Where a bank in North Dakota loans money upon pledge of stock of a corporation in Montana it has a right, upon default of the pledgor, to have the stock transferred on the books of the corporation and a new certificate issued to it, upon compliance with the statutory requirements, and the corporation is estopped from alleging the invalidity of the original certificate because the holder did not live up to his agreement with the corporation.*

From North Dakota—About a year ago we loaned a party some money and as collateral he assigned a certificate of stock in a corporation in Montana. This spring we wrote said corporation requesting them to issue their certificate in exchange for the one that was assigned, as it developed that we were unable to collect the money originally loaned out. We first wrote their secretary and he advised us to send old certificate to their bank out there and they would issue new certificate. However, it ran along for awhile and they did not attend to it, and a short time ago we received a letter from the company stating that at one of their directors' meetings they had canceled the certificate they issued to the party who assigned it, for the reason, they claim, that party had not lived up to his agreement with them; something we had no idea about, as we supposed as long as they had issued and delivered the certificate it belonged to party who assigned it.



Since we are an innocent party, it seems to us that we could make them transfer this stock to us, but before doing anything would appreciate your opinion.

The Montana statute with respect to the transfer of certificates of corporate stock provides:

"That the delivery of a stock certificate of a corporation to a bona fide purchaser or pledgee for value, together with a written transfer of the same, or a written power of attorney to sell, assign and transfer the same, signed by the owner of the certificate, shall be a sufficient delivery to transfer the title as against the creditors of the transferor and subsequent purchasers; but no such transfer shall affect the right of the corporation to pay any dividend due upon the stock, or treat the holder of record as the holder in fact, until such transfer is recorded upon the books of the corporation, or a new certificate is issued to the person to whom it has been transferred." (Rev. Codes Mont., 1907, Sec. 3855.)

With respect to the transfer of stock of non-residents, the Montana statute provides:

"When the shares of stock in a corporation are owned by persons resident out of the state, the president, secretary or directors of the corporation, before entering any transfer of the shares on its books, or issuing a certificate therefor to the transferee, may require from the attorney or agent of the non-resident owner, or from the person claiming under the transfer, an affidavit or other evidence that the non-resident owner was alive at the date of the transfer, and if such affidavit or other satisfactory evidence be not furnished, may require from the attorney, agent or claimant a bond of indemnity, with two sureties, satisfactory to the officers of the corporation, or if not so satisfactory, then one approved by the judge of the district court of the county in which the principal office of the corporation is situated, conditioned to protect the corporation against any liability to the legal representatives of the owner of the shares, in case of his or her death before the transfer; and if such affidavit or other evidence or bond be not furnished when required, as herein provided, neither the corporation nor any officer thereof shall be liable for refusing to enter the transfer on the books of the corporation. (Ibid. Sec. 3857.)

Under the above statute, your bank took title as pledgee of the certificate and I think has a right to have the same transferred on the books of the corporation and a new certificate issued to you therefor. The refusal of the corporation to issue a new certificate is upon the ground, as stated, that the person to whom the certificate was issued and who pledged same to you, did not live up to his agreement with the corporation. What this agreement was is not stated but it is well-settled law that where a corporation issues capital stock which is assigned to a bona fide purchaser for value, the corporation is estopped to allege the invalidity of the issue because the consideration for which the stock was issued has failed. See, for example, *Van Slochem v. Willard*, 207 N. Y. 587; *French v. Harding*, 46 Pa. Super. Ct. 363; *Davies v. Ball*, 64 Wash. 292; *Westminster N. B. v. New England Elec. Works*, 62 Atl. (N. H.) 971.

Nor can the corporation assert any lien on the stock for an indebtedness of the original owner to it because the Montana statutes provide no such lien but, on the contrary, expressly prohibit loans of money by any corporation to any stockholder therein. Rev. Codes Mont., 1907, Sec. 3859.

It would seem, upon the facts stated by you, the corporation in Montana would be compelled to issue you a new certificate upon your complying with the statutory requirements, if they request same in respect to an affidavit or bond in the case of transfer of stock of non-residents.

## NEGOTIATION OF LOST BEARER NOTE

*Where a note is indorsed in blank by the payee and lost and is negotiated by the finder to a holder in due course, the latter acquires a good title thereto as against the payee.*

From Rhode Island: 1. If A gives a note, payable at a certain bank, to B and the paper is properly negotiable, is indorsed by B and lost between his office and his bank in which he intended to place the paper—for collection and is found by C and negotiated before notice can be given of the loss by B, would not the loss fall upon B if payment of note is made?

2. If the loss of the note had been reported immediately by B to A and payment stopped by A, would a newspaper notice to the effect that such note was lost be sufficient protection to A and B as against C or a subsequent holder?

We would appreciate your opinion upon these cases, as we have looked for court decisions, but failed to find one just fitting the question.

1. A negotiable note indorsed in blank by the payee is payable to bearer and where the payee loses same and the finder negotiates the instrument to a holder in due course, the latter holds the instrument free from any defect of title and payment of the note to him discharges the instrument. The loss in such case would, therefore, fall upon B, the payee. See the following cases in which it has been held that a holder in due course of a promissory note or check payable to bearer can acquire a good title thereto from one who has stolen it. *Massachusetts Nat. Bank v. Snow*, 187 Mass. 160; *Jefferson Bank v. Chapman*, 122 Tenn. 415; *Schaeffer v. Marsh*, 90 Misc. (N. Y.) 307.

2. Assuming payment of the note was stopped, it having been made payable at a bank, and notice of the loss was published in a newspaper, this would not be sufficient to protect the maker A and the payee B from liability to a purchaser to whom C, the finder, had negotiated the note, unless it could be proved that such purchaser had seen the newspaper notice and was not a holder in due course. There would be a defense, however, against C the finder, as the latter would not be a holder in due course, he not having given value for the instrument.

## LOST CASHIER'S CHECK

*Where a cashier's check is indorsed in blank by the payee and lost and is purchased by a merchant from the finder, in good faith and for value, the latter is a holder in due course with right to enforce payment of the instrument and the fact that the purchaser knew the seller to be a gambler is not, of itself, sufficient to deprive him of his status as holder in due course, in the absence of knowledge of facts which would make his taking the instrument an act of bad faith.*

From Oklahoma—On April 23 this year, we issued one of our customers a number of cashier's checks, which he preferred to having cash, before leaving here for Hot Springs, Ark., and among these checks was one in the sum of \$50. After he had been in Hot Springs a few days, it became necessary for him to cash a check, so while sitting in his room at the hotel, he proceeded to indorse this particular check and started to the bank for his money. Upon arriving at the bank, he discovered that he had lost it, so he immediately wired us of the loss and had payment stopped. In the course of about one week, this check came to us through

the clearing and we returned the same unpaid. We ascertained through the ——— Bank of St. Louis, Mo., that a party had cashed the check at a certain drug store in Hot Springs and they are still in possession of the check. Now, we would like to know if we can reimburse our customer without liability on our part and what steps could be taken to secure this check, since we have it located. The drug store know the man from whom they secured the check and know he is not the man to whom the check was issued, and it seems that he is a transient "gambler," who has frequented Hot Springs every season for the past four or five years. They are unable to get in touch with him any more since they cashed this check for him.

Under the Negotiable Instruments Act the holder in due course of a note or check payable to bearer can acquire a good title thereto, even from a finder or thief. *Massachusetts National Bank v. Snow*, 187 Mass. 160; *Jefferson Bank v. Chapman*, 122 Tenn. 415.

The cashier's check in your case having been indorsed in blank by the payee was payable to bearer, and if the proprietor of the drug store who cashed the same for the finder was a holder in due course, he would have a right to enforce payment from your bank.

To constitute a holder in due course under the Negotiable Instruments Act the instrument must have been taken before overdue, in good faith and for value and without notice of any infirmity therein or "defect in the title of the person negotiating it."

According to the facts as stated by you, the proprietor of the drug store would seem to be a holder in due course within the meaning of these requirements unless it could be said that he had notice of a defect in the title of the person negotiating the cashier's check to him. As to this you say that he knew the man from whom he secured the check, knew that he was not the man to whom the check was issued and knew him to be a transient gambler who had been frequenting Hot Springs for the past four or five seasons. Of course, knowledge that the man negotiating the check was not the payee would not constitute notice of defect of title where the check was indorsed in blank by the payee. But the question remains

whether knowledge that the man was a gambler would constitute notice of defect of title within the meaning of the law. I think not. The Negotiable Instruments Act provides that "to constitute notice of an infirmity in the instrument or defect in the title of the person negotiating the same, the person to whom it is negotiated must have had actual knowledge of the infirmity or defect, or knowledge of such facts that his action in taking the instrument amounted to bad faith." The courts in numerous cases have held that knowledge of suspicious circumstances will not deprive a purchaser of the status of holder in due course in the absence of bad faith on his part. In *Setzer v. Deal*, 47 S. E. (N. C.) 466, it was held that knowledge on the part of the bona fide purchaser of a note of the assignor's crookedness in business matters does not defeat the purchaser's title. Unless, therefore, the proprietor of the drug store had such knowledge that the holder of this cashier's check came by it wrongly as would make his act in purchasing same, without inquiry, an act of bad faith, the mere fact that he knew him to be a gambler would not be sufficient to affect his status as a holder in due course.

Basing this opinion, therefore, on the facts as stated by you, the proprietor of the drug store is a holder in due course of this lost cashier's check with right to enforce its payment. You cannot, therefore, reimburse your customer the amount thereof without liability on your part; nor can you obtain possession of the check without paying same.

If there are additional facts, not stated, which would affect the status of the proprietor of the drug store as a holder in due course, it would seem that the proper course would be a proceeding by your customer against the proprietor of the drug store for recovery of the check on the ground that he had no title thereto; but according to the facts as stated, the case is one where your customer has lost his right to the cashier's check, equally as if he had lost \$50 in currency, and the bona fide purchaser of the instrument has a right to enforce its payment.



# Trust Company Section

## President's Letter

On October 21 President Platten sent the following communication, together with a list of the executive and other active committees of the section, to all trust companies in the United States:

It would seem pertinent at this time to bring to the attention not only of members of the Trust Company Section, but of all trust companies, the vital necessity for developing an intensive interest in the work of trust companies generally throughout the coming year.

Marked changes have been wrought in the financial situation due to new conditions in almost every field of activity. These, in turn, have brought a keener appreciation of the valuable services and facilities inherent in trust company management and have emphasized the necessity for a greater unity of action and effort on the part of trust companies themselves.

As a result of the labors of Ex-President Hinsch and the Committee on Co-Ordination, amendments to the Constitution, of vital importance to the Association, and particularly to the Sections, were made at the Chicago Convention. Briefly summarized they are as follows:

(1) Membership on the Administrative Committee of the Association, of the President of the Trust Company, Savings Bank, State Bank and National Bank Sections.

(2) Creation of the office of Second Vice-President of the Association and recognition of State Chartered Institutions through the election of Mr. John S. Drum to the newly created office.

(3) Independent action by the sections in matters of legislation, where the interests of the sections conflict and cannot be harmonized for combined effort.

The active work of the section is assured through the election of Mr. E. D. Hulbert, president Merchants Loan & Trust Company, Chicago, as Chairman of the Executive Committee, and five new members of the Committee to serve for three years as follows:

Mr. Charles H. Sabin, president Guaranty Trust Co. of New York.

Mr. J. A. House, president Guardian Savings & Trust Co., Cleveland.

Mr. S. Davies Warfield, president Continental Trust Co., Baltimore.

Mr. Isaac H. Orr, vice-president St. Louis Union Trust Co., St. Louis.

Mr. C. J. Bell, president American Security & Trust Co., Washington.

In addition to the regular Committee on Legislation, Protective Laws and Publicity, the following new committees were created:

- (1) Committee on Standardization of Forms and Charges.
- (2) Committee on Co-operation with the American Bar (see resolution).
- (3) Committee on Fiduciary Protection for Men in Service.

In connection with the labors of these committees whose activities cover a wide field of service, I would bespeak your hearty co-operation at all times.

The amendments to the Federal Reserve Act in respect to granting trust powers to national banks through the passage of the Phelan Bill, which has recently become a law, should stimulate greater and more fruitful effort in this particular sphere of activity. Because of their particular qualifications, collective experience and the uniformly high standard required in the management of these institutions, they are specially fitted for the special task of safeguarding and protecting the vital economic interests of individuals as well as of corporations. With these considerations in mind the efforts of the section are earnestly directed toward assisting members, by a forward policy of service, which shall not only con-

solidate our present privileges and opportunities, but shall in addition enable us to accomplish even greater things in the future.

The fact cannot be too strongly emphasized that all trust companies should become members of the Association and the Trust Company Section, as it is only by means of united effort which membership renders possible that the best results can be had.

Finally, be assured that any suggestions or recommendations tending to aid the officers and respective committees in the development of our work along lines productive of the greatest benefit to the entire membership will be welcomed by me.

## Fiduciary Service Bulletin

H. C. Robinson, Chairman of the Section's Committee on Fiduciary Protection for Men in Service, has forwarded to all members a bulletin calling attention to the appointment of the committee, its purposes and aims and suggested advertisements as follows:

CLEVELAND, OHIO, Oct. 22, 1918.

### TO THE MEMBER ADDRESSED:

Our men who are in Uncle Sam's service are given every possible form of attention except with regard to the business affairs which they leave behind them.

For that reason, the Trust Company Section of the American Bankers Association at its recent convention in Chicago appointed a special committee to consider this very important service.

We are taking the liberty of enclosing a statement of the purpose and aims of this committee and we are also enclosing sample advertisements which you are cordially invited to use in your local papers. Where more than one trust company exists in a city it is suggested that, if found practicable, the advertisements be placed jointly—in other words, have each advertisement signed jointly by the trust companies offering the service set forth.

In furthering the work of this committee, we shall probably take the liberty of communicating with you from time to time, and we ask for your hearty co-operation in this constructive work for our men in the service.

### PURPOSES AND AIMS OF THE COMMITTEE

At the annual convention of the Trust Company Section of the American Bankers Association held in the city of Chicago in September, a committee was appointed to help men about to be called under the new draft law, by bringing to their notice the unusual service that trust companies are able to render these men in reference to their property accumulations.

In this new draft there will undoubtedly be men who have accumulated property and who will be perplexed to know how to arrange for the care and custody of this property while they are away in the government service. Here is an opportunity for trust company service which should not be missed, because it will make for a higher morale among the men who are going into the army and navy. It is just as important that our soldiers and sailors be mentally fit as to be physically fit. Those men having property and business interests, with dependents who must be supported by income from the same, will become better soldiers and sailors if their minds are at ease with reference to the management of their affairs at home. Nearly every trust company of any size in the United States is organized to render this service to the men going out from its particular territory, and this service should be brought to the attention of these men without delay.

This is the first work which the committee will undertake to perform. Two suggested advertisements have been prepared and are reproduced herewith which will cover the various kinds of services which a trust company can render to a man about to leave home. Other advertisements will be prepared. It is, of course, to be understood that each trust company, before publishing the advertisements is free to change

the text so as to conform to local conditions and its own peculiar form of service. The advertisements are sent to you as a guide and as an indication of the general plan which will be followed by all trust companies throughout the country if the suggestions of the committee are received with favor. The committee is impressed with the fact that in the community canteen service most every type of service is provided for the soldier or the sailor except this service of caring for valuables and the management of property while the soldier or sailor is away from home on duty. This service which trust companies will render, and which ought to be advertised in every canteen at home by the most effective means possible, will round out and complete those activities which every community is now seeking to provide for its men who have been called to arms.

The committee has not had an opportunity yet to determine what to recommend to trust companies in the way of charges for the services here proposed. It will probably agree that a general request shall go out to trust companies asking them to care for such papers as insurance policies, government bonds, stocks, etc., which do not require any clerical attention beyond the acknowledgment of their receipt, free of cost. All other work, such as the management and care of real

property, the making out of income tax returns, the payment of taxes, keeping of records, etc., to be charged for at actual cost. The committee believes that the trust companies everywhere will be glad to render this service in this way, for the advertisement alone which the trust companies will get will be of incalculable value and undoubtedly many of the men, who having familiarized themselves by this arrangement with the work of a trust company will be willing to allow the trust company to continue management of their affairs after their return. This is a possibility which ought not to be overlooked in considering this whole proposition.

The committee has further activities in mind, especially in connection with this service. A great many men are going out of their home communities with improperly drawn wills, and in many cases no wills have been made at all. The committee will probably request trust companies in each community to which its communications will go from time to time, to arrange with the local bar association of their city to appoint lawyers of good reputation and character, to advise these men in reference to their legal rights and to draw their wills, if possible, free of cost. This legal and trust company service work may likewise be made available to every camp and cantonment in the United States if the committee carries

Suggested advertisements to be used by trust companies in placing before men entering military service the various trust facilities at their disposal. Any one of the individual items may be used as a basis for a separate advertisement.

### What We Do for Men Entering Government Service

Collect income from all sources and deposit, remit or invest as directed.

Keep safely stocks and bonds and sell, if directed—the proceeds to be deposited, remitted or re-invested.

Manage real estate, collect rents, pay taxes, make repairs.

Pay from funds as designated, life, fire or burglary insurance premiums, dues, taxes or other debts.

Prepare and file Income Tax returns and pay tax.

Carry out existing contracts until fully discharged.

Use power of attorney, when given, for protection of business or personal interests.

Consult, when necessary, your legal counsel.

Act as executor and trustee under will in case of death.

One or more of the above services are available if all are not required.

Complete detailed record kept and statement rendered.

The charge is small—based upon the extent of service desired.

*Full information given upon request*

**THE SECTION TRUST COMPANY**  
FIVE NASSAU STREET NEW YORK

**Capital and Surplus, \$000,000**

### Your Business Interests

will be conserved and developed during your absence from home by appointing this company to act for you in one or more of the following respects:

To collect income from all sources and deposit, remit or invest as directed.

To keep safely stocks and bonds and to sell, if directed—the proceeds to be deposited, remitted or re-invested.

To manage real estate, collect rents, pay taxes, make repairs.

To pay from funds as designated, life, fire or burglary insurance premiums, dues, taxes or other debts.

To prepare and file Income Tax returns and pay tax.

To carry out existing contracts until fully discharged.

To use power of attorney, when given, for protection of business or personal interests.

To consult, when necessary, your legal counsel.

To act as executor and trustee under will in case of death.

One or more of the above services are available if all are not required.

Complete detailed record kept and statement rendered.

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**Capital and Surplus, \$000,000**

Additional suggested headings to be used in connection with foregoing advertisements are given as follows: (1) If You Contemplate Entering Military Duty or Civilian War Service, Authorize This Company—; (2) Before You Go Away—; (3) During Your Absence From Home—; (4) Before Leaving Home—.



out the ideas which it now has in mind. However, the committee will advise you more in detail with respect to this latter activity later on. The all important thing now is to get the message to the men who are about to go out on the next call as soon as possible. The committee also has in mind the investigation of overseas financial service to soldiers and sailors, with a view of ascertaining whether anything can be done to improve the service which is now being rendered to our men in foreign lands. Most effective work along this line has been done by several trust companies, principally in New York, and probably nothing could be added to what is already being done, however, your committee feels that this whole activity should be investigated so that it can assure the trust companies of this country that our men overseas are being served with every financial aid which can be provided.

Your committee will be very glad to receive assistance and helpful suggestions from anyone to whom its communications may come. It would especially welcome at this time samples of advertisements, booklets or form letters used by companies in calling attention to these facilities for men in armed service. Letters may be sent to the chairman or any members of the committee, or to Leroy A. Mershon, secretary of the section, who will forward to the chairman.

### STATE VICE-PRESIDENTS 1918-1919

At the conventions of the State Bankers Associations, held during the past year, the following officers were elected or re-elected as state vice-presidents for the Trust Company Section for the year 1918-19. They will serve the section during the year and report at the 1919 Convention.

In states where no names are recorded, notice of election by the State Bankers Associations has not been received. Where no election is held the president of the section may appoint to fill any vacancies.

Alabama: Benson Cain, assistant cashier Birmingham Trust & Savings Company, Birmingham.

Arizona:

Arkansas: E. J. Mason, secretary Jonesboro Trust Company, Jonesboro.

California: L. H. Roseberry, trust attorney Security Trust & Savings Bank, Los Angeles.

Colorado: J. Arthur Connell, president Colorado Title & Trust Co., Colorado Springs.

Connecticut: W. Perry Curtiss, president Union & New Haven Trust Company, New Haven.

Delaware: John G. Townsend, Jr., president Baltimore Trust Company, Selbyville.

District of Columbia: C. J. Bell, president American Security & Trust Company, Washington.

Florida: W. O. Boozer, treasurer American Trust Company, Jacksonville.

Georgia: W. C. Wardlaw, vice-president Trust Company of Georgia, Atlanta.

Idaho: William Thomson, president Idaho Trust Company, Lewiston.

Illinois: Ervin T. Geist, cashier Joliet Trust & Savings Bank, Joliet.

Indiana: E. H. Wolcott, president State Savings & Trust Company, Indianapolis.

Iowa: David H. McKee, vice-president Iowa Loan & Trust Company, Des Moines.

Kansas:

Kentucky: Lawson Reno, president Central Trust Company, Owensboro.

Louisiana: C. G. Rives, vice-president Interstate Trust & Banking Company, New Orleans.

Maine:

Maryland: M. H. Grape, vice-president Union Trust Company of Maryland, Baltimore.

Massachusetts: George W. Grant, vice-president Old Colony Trust Company, Boston.

Michigan: Albert E. Green, vice-president Security Trust Company, Detroit.

Minnesota: H. D. Thrall, secretary Minnesota Loan & Trust Company, Minneapolis.

Mississippi: J. O. Lamkin, cashier Delta Bank & Trust Company, Charksdale.

Missouri: Thomas C. Hennings, vice-president Mercantile Trust Company, St. Louis.

Montana: J. M. Keith, president Missoula Trust & Savings Bank, Missoula.

Nebraska:

Nevada: H. W. Shockley, vice-president Scheeline Banking and Trust Company, Reno.

New Hampshire:

New Jersey: E. A. Pruden, vice-president Fidelity Trust Company, Newark.

New Mexico:

New York: James M. Pratt, vice-president Guaranty Trust Company of New York, New York City.

North Carolina: E. O. Anderson, treasurer Independence Trust Company, Charlotte.

North Dakota: M. C. Bacheller, secretary Northwestern Trust Company, Grand Forks.

Ohio: Howard I. Shepherd, vice-president Ohio Savings Bank and Trust Company, Toledo.

Oklahoma: N. R. Graham, Exchange Trust Company, Tulsa.

Oregon: William Pollman, president Baker Loan & Trust Company, Baker.

Pennsylvania: George D. Edwards, vice-president Commonwealth Trust Company, Pittsburgh.

Rhode Island:

South Carolina: E. H. Lucas, cashier Palmetto Bank & Trust Company, Florence.

South Dakota: D. H. Lightner, vice-president Citizens Trust & Savings Bank of Aberdeen, Aberdeen.

Tennessee: Gilmer Winston, vice-president Union and Planters Bank & Trust Company, Memphis.

Texas: P. A. Murray, cashier Levi Bank & Trust Company, Victoria.

Utah: Frank B. Cook, vice-president Columbia Trust Company, Salt Lake City.

Vermont:

Virginia: Walker Scott, vice-president Virginia Trust Company, Richmond.

Washington: N. B. Solner, vice-president Union Savings & Trust Company, Seattle.

West Virginia: E. L. Yager, assistant cashier Wheeling Bank & Trust Co., Wheeling.

Wisconsin: Oliver C. Fuller, president Wisconsin Trust Company, Milwaukee.

Wyoming:

A digest of the reports of the state vice-presidents for the year 1917-18 follows:

Arkansas: by C. S. McCain, vice-president and secretary Bankers Trust Company, Little Rock.

Business of trust companies has been affected in some departments through the decrease in real estate loans, as there is practically no reconstruction and many loans have been paid off rather than renewed. Rental departments active. Strong demand for farm lands, timber lands and small dwellings. Savings departments have increased and on the whole business has been better with the trust companies and more profitable.

Liberty Loan activities have materially increased the work of these companies, but all have responded cheerfully. The trust companies are being more and more used in a fiduciary capacity.

California: by L. H. Roseberry, trust attorney Security Trust & Savings Bank, Los Angeles.

The report from this state was very comprehensive and revealed great activity upon the part of trust companies.

There are thirty-one active trust companies or trust departments. Considerable reduction in creation of new business corporations, bond issues, re-organization and other similar corporate activities with which trust companies come in contact.

Marked increase in the number of living trusts and agencies created for persons enlisting in military or naval service. Complex character of Federal Income Tax Law has created a new specialized service for trust companies in the preparation of tax returns.

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The committee has not had an opportunity yet to determine what to recommend to trust companies in the way of charges for the services here proposed. It will probably agree that a general request shall go out to trust companies asking them to care for such papers as insurance policies, government bonds, stocks, etc., which do not require any clerical attention beyond the acknowledgment of their receipt, free of cost. All other work, such as the management and care of real

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The committee has further activities in mind, especially in connection with this service. A great many men are going out of their home communities with improperly drawn wills, and in many cases no wills have been made at all. The committee will probably request trust companies in each community to which its communications will go from time to time, to arrange with the local bar association of their city to appoint lawyers of good reputation and character, to advise these men in reference to their legal rights and to draw their wills, if possible, free of cost. This legal and trust company service work may likewise be made available to every camp and cantonment in the United States if the committee carries

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Manage real estate, collect rents, pay taxes, make repairs.

Pay from funds as designated, life, fire or burglary insurance premiums, dues, taxes or other debts.

Prepare and file Income Tax returns and pay tax.

Carry out existing contracts until fully discharged.

Use power of attorney, when given, for protection of business or personal interests.

Consult, when necessary, your legal counsel.

Act as executor and trustee under will in case of death.

One or more of the above services are available if all are not required.

Complete detailed record kept and statement rendered.

The charge is small—based upon the extent of service desired.

*Full information given upon request*

**THE SECTION TRUST COMPANY**  
FIVE NASSAU STREET NEW YORK

**Capital and Surplus, \$000,000**

### Your Business Interests

will be conserved and developed during your absence from home by appointing this company to act for you in one or more of the following respects:

To collect income from all sources and deposit, remit or invest as directed.

To keep safely stocks and bonds and to sell, if directed—the proceeds to be deposited, remitted or re-invested.

To manage real estate, collect rents, pay taxes, make repairs.

To pay from funds as designated, life, fire or burglary insurance premiums, dues, taxes or other debts.

To prepare and file Income Tax returns and pay tax.

To carry out existing contracts until fully discharged.

To use power of attorney, when given, for protection of business or personal interests.

To consult, when necessary, your legal counsel.

To act as executor and trustee under will in case of death.

One or more of the above services are available if all are not required.

Complete detailed record kept and statement rendered.

The charge is small—based upon the extent of service desired.

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**THE SECTION TRUST COMPANY**  
FIVE NASSAU STREET NEW YORK

**Capital and Surplus, \$000,000**

Additional suggested headings to be used in connection with foregoing advertisements are given as follows: (1) If You Contemplate Entering Military Duty or Civilian War Service, Authorize This Company—; (2) Before You Go Away—; (3) During Your Absence From Home—; (4) Before Leaving Home—.

out the ideas which it now has in mind. However, the committee will advise you more in detail with respect to this latter activity later on. The all important thing now is to get the message to the men who are about to go out on the next call as soon as possible. The committee also has in mind the investigation of overseas financial service to soldiers and sailors, with a view of ascertaining whether anything can be done to improve the service which is now being rendered to our men in foreign lands. Most effective work along this line has been done by several trust companies, principally in New York, and probably nothing could be added to what is already being done, however, your committee feels that this whole activity should be investigated so that it can assure the trust companies of this country that our men overseas are being served with every financial aid which can be provided.

Your committee will be very glad to receive assistance and helpful suggestions from anyone to whom its communications may come. It would especially welcome at this time samples of advertisements, booklets or form letters used by companies in calling attention to these facilities for men in armed service. Letters may be sent to the chairman or any members of the committee, or to Leroy A. Mershon, secretary of the section, who will forward to the chairman.

#### STATE VICE-PRESIDENTS 1918-1919

At the conventions of the State Bankers Associations, held during the past year, the following officers were elected or re-elected as state vice-presidents for the Trust Company Section for the year 1918-19. They will serve the section during the year and report at the 1919 Convention.

In states where no names are recorded, notice of election by the State Bankers Associations has not been received. Where no election is held the president of the section may appoint to fill any vacancies.

Alabama: Benson Cain, assistant cashier Birmingham Trust & Savings Company, Birmingham.

Arizona:

Arkansas: E. J. Mason, secretary Jonesboro Trust Company, Jonesboro.

California: L. H. Roseberry, trust attorney Security Trust & Savings Bank, Los Angeles.

Colorado: J. Arthur Connell, president Colorado Title & Trust Co., Colorado Springs.

Connecticut: W. Perry Curtiss, president Union & New Haven Trust Company, New Haven.

Delaware: John G. Townsend, Jr., president Baltimore Trust Company, Selbyville.

District of Columbia: C. J. Bell, president American Security & Trust Company, Washington.

Florida: W. O. Boozer, treasurer American Trust Company, Jacksonville.

Georgia: W. C. Wardlaw, vice-president Trust Company of Georgia, Atlanta.

Idaho: William Thomson, president Idaho Trust Company, Lewiston.

Illinois: Ervin T. Geist, cashier Joliet Trust & Savings Bank, Joliet.

Indiana: E. H. Wolcott, president State Savings & Trust Company, Indianapolis.

Iowa: David H. McKee, vice-president Iowa Loan & Trust Company, Des Moines.

Kansas:

Kentucky: Lawson Reno, president Central Trust Company, Owensboro.

Louisiana: C. G. Rives, vice-president Interstate Trust & Banking Company, New Orleans.

Maine:

Maryland: M. H. Grape, vice-president Union Trust Company of Maryland, Baltimore.

Massachusetts: George W. Grant, vice-president Old Colony Trust Company, Boston.

Michigan: Albert E. Green, vice-president Security Trust Company, Detroit.

Minnesota: H. D. Thrall, secretary Minnesota Loan & Trust Company, Minneapolis.

Mississippi: J. O. Lamkin, cashier Delta Bank & Trust Company, Charksdale.

Missouri: Thomas C. Hennings, vice-president Mercantile Trust Company, St. Louis.

Montana: J. M. Keith, president Missoula Trust & Savings Bank, Missoula.

Nebraska:

Nevada: H. W. Shockley, vice-president Scheeline Banking and Trust Company, Reno.

New Hampshire:

New Jersey: E. A. Pruden, vice-president Fidelity Trust Company, Newark.

New Mexico:

New York: James M. Pratt, vice-president Guaranty Trust Company of New York, New York City.

North Carolina: E. O. Anderson, treasurer Independence Trust Company, Charlotte.

North Dakota: M. C. Bacheller, secretary Northwestern Trust Company, Grand Forks.

Ohio: Howard I. Shepherd, vice-president Ohio Savings Bank and Trust Company, Toledo.

Oklahoma: N. R. Graham, Exchange Trust Company, Tulsa.

Oregon: William Pollman, president Baker Loan & Trust Company, Baker.

Pennsylvania: George D. Edwards, vice-president Commonwealth Trust Company, Pittsburgh.

Rhode Island:

South Carolina: E. H. Lucas, cashier Palmetto Bank & Trust Company, Florence.

South Dakota: D. H. Lightner, vice-president Citizens Trust & Savings Bank of Aberdeen, Aberdeen.

Tennessee: Gilmer Winston, vice-president Union and Planters Bank & Trust Company, Memphis.

Texas: P. A. Murray, cashier Levi Bank & Trust Company, Victoria.

Utah: Frank B. Cook, vice-president Columbia Trust Company, Salt Lake City.

Vermont:

Virginia: Walker Scott, vice-president Virginia Trust Company, Richmond.

Washington: N. B. Solner, vice-president Union Savings & Trust Company, Seattle.

West Virginia: E. L. Yager, assistant cashier Wheeling Bank & Trust Co., Wheeling.

Wisconsin: Oliver C. Fuller, president Wisconsin Trust Company, Milwaukee.

Wyoming:

A digest of the reports of the state vice-presidents for the year 1917-18 follows:

Arkansas: by C. S. McCain, vice-president and secretary Bankers Trust Company, Little Rock.

Business of trust companies has been affected in some departments through the decrease in real estate loans, as there is practically no reconstruction and many loans have been paid off rather than renewed. Rental departments active. Strong demand for farm lands, timber lands and small dwellings. Savings departments have increased and on the whole business has been better with the trust companies and more profitable.

Liberty Loan activities have materially increased the work of these companies, but all have responded cheerfully. The trust companies are being more and more used in a fiduciary capacity.

California: by L. H. Roseberry, trust attorney Security Trust & Savings Bank, Los Angeles.

The report from this state was very comprehensive and revealed great activity upon the part of trust companies.

There are thirty-one active trust companies or trust departments. Considerable reduction in creation of new business corporations, bond issues, re-organization and other similar corporate activities with which trust companies come in contact.

Marked increase in the number of living trusts and agencies created for persons enlisting in military or naval service. Complex character of Federal Income Tax Law has created a new specialized service for trust companies in the preparation of tax returns.



A sluggish real estate market has prevented the closing of the estates in probate. Net income to beneficiaries has in some cases decreased, but no hardships have been suffered or sacrifices of trust property made necessary.

Assets of eighteen active trust companies reported as \$321,454,482.15, which is almost double the assets of trust companies five years previous. Notable increases also show in deposits.

Under heading of trust company organization the report sets forth the accomplishments of the Trust Company Section of the California Bankers Association. Important activities were carried on through special committees on standardization of charges, code of ethics covering relations of trust companies with one another and the public, and readjusting relations of trust companies with legal profession. The section is now engaged in standardizing a comprehensive series of trust forms.

Important legislation is being prepared by this section for introduction at the coming session of the California legislature. Great activity has been shown by the trust companies of California in advertising and marked results have been secured from these efforts.

More than the prescribed quota of men has been contributed by California trust companies for active war service. Many of the best men early in the war volunteered and are now on the firing line. Most of the larger companies freely contributed their working forces to the various Liberty Loan Committees. The reports of fifteen trust companies show combined purchases of Liberty Loan Bonds aggregating \$66,400,500, and treasury certificates \$43,270,000.

As soon as satisfactory enabling legislation is secured, it is generally conceded that all of the larger and probably the smaller trust companies will become members of the Federal reserve system.

Colorado: by J. R. Arthur Connell, president Colorado Title and Trust Co., Colorado Springs.

In five years the resources of trust companies have nearly doubled and now amount to over \$47,304,061. Up to August the trust companies have subscribed for Liberty Bonds amounting to \$11,333,200 and treasury certificates, \$7,960,000.

There is a marked tendency toward greater popularity of trust companies and the people are becoming better educated in using them for fiduciary business.

Connecticut: by W. Perry Curtiss, president The Union & New Haven Trust Co., New Haven.

The trust companies have had an unusually active year. War activities have caused the business to be carried on at top speed. Substantial increases in resources of trust companies have been made during the past year. There is a decided tendency toward the selection of a trust company as executor and trustee under wills and this tendency is being encouraged in every way possible.

Georgia: by Carl H. Lewis, assistant cashier Central Bank & Trust Co., Atlanta.

Twenty-four chartered trust companies operating in the state although only about half of this number are availing themselves fully of the special facilities granted to trust companies under the law of the state.

Aggregate capital and surplus of these institutions are approximately \$10,750,000, with deposits of about \$32,000,000. Total resources have shown a marked increase during the past two years. Four of the leading trust companies have become members of the Federal reserve system.

At the last session of the Legislature a bill was passed submitting for ratification a constitutional amendment which provides for the separation of the State Banking Department from the State Treasurer's office. The enactment of this measure is the result of twelve years of effort on the part of the legislative committee of the Georgia Bankers Association.

Increased activity is shown in solicitation of trust business and very thorough publicity has been conducted by banks. This has resulted in a very much broader use of corporate fiduciary service by the general public.

Iowa: by F. C. Fischer, vice-president Security Savings Bank, Cedar Rapids.

There are no exclusive trust companies in Iowa and trust powers are conferred upon state and savings banks. No method has been devised by which the banks exercising trust company powers can report their fiduciary business as distinguished from their general banking business. It is hoped this will be accomplished in the near future.

Iowa is on the upgrade as far as the acquiring of wealth is concerned. Many wills and contracts are being prepared which will result in a large increase of trust business later on.

It is believed that some relief should be had from the requirement that all trust companies give bonds in court proceedings.

Kentucky: by John Stites, president Louisville Trust Company, Louisville.

Business conditions in Kentucky are good and every one who wants work can get it at good wages. Average crop yields below normal but prices are good.

The Kentucky statutes were amended to provide that banks and trust companies may pledge a portion of their assets as collateral security for Government deposits; also further, amendments providing that any bank or trust company could accept for payment at a future date drafts or bills of exchange drawn by customers, and issue letters of credit authorizing the holders to draw drafts under conditions prescribed, subject to the supervision of the banking commission. The statutes were further amended providing that the discount of bills of exchange drawn against actually existing values and the purchase or discount of commercial or business paper actually owned by the person negotiating the same, shall not be considered as borrowed money in fixing a limit of indebtedness to any person, firm or corporation.

Provision was made for combined banks and trust companies in counties having a population of twenty-five thousand with a capital stock of not less than \$30,000, and also for banks and trust companies to join the Federal reserve system.

Maryland: by F. G. Boyce, vice-president Mercantile Trust & Deposit Co., Baltimore.

A comparison shows an increase during the past five years of over \$49,000,000 in aggregate resources; \$43,000,000 in total deposits; \$1,300,000 in surplus and undivided profits, and a reduction of \$400,000 in capital stock. Substantial increases in all of these items were shown during the past year. Heavy withdrawals of deposits have been made during the past year to pay for Liberty Bonds, Certificates of Indebtedness and income taxes. Deferring the promotion of new enterprises has resulted in a loss of large deposits.

A large part of the efforts of trust companies during the past year has been devoted to the floating of Liberty Loans. It has also been done at a considerable cash outlay.

Maryland trust companies have continued aggressive in the solicitation of fiduciary business and their efforts have met with gratifying results.

Rental of safe deposit boxes has been very active.

Complete changes have been made in a large number of the office forces. Three-fourths of the clerks who are now women are giving satisfactory services.

Massachusetts: by John E. White, president Worcester Bank & Trust Co., Worcester.

Marked increases have been noted during the past ten years in total resources which, in 1917, reached \$591,000,000, and total deposits reached \$484,500,000.

Trust companies are in a stronger financial condition than ever before in their history and the volume of their business is constantly growing. They are taking a very important part in helping the Government finance Certificates of Indebtedness and Liberty Loans. Trust companies are now permitted to carry in their assets bonds of the United States and foreign governments.

One hundred and three trust companies are now doing business in the state. Trust companies in Massachusetts are very popular, due to the services which they can render the public and the knowledge which is general, that the super-



vision by the State Banking Commissioner is very carefully and thoroughly carried on.

In the three issues of Liberty Loans, trust companies have subscribed for themselves and others \$275,000,000; to the Certificates of Indebtedness, \$175,000,000. They have taken an active part in all of the campaigns.

Michigan: by Ralph Stone, president Detroit Trust Co., Detroit.

The total deposits of the ten trust companies of Michigan aggregate \$21,809,154.99. Five years ago, for the six companies then in existence, they were \$11,747,154.40, showing an increase of 86 per cent. During the past year withdrawals for war purposes, payment of income taxes and purchase of government securities caused a decrease of 8 per cent. Total resources of the ten trust companies on June 29, 1918, were \$36,953,178.93, which is an increase of approximately 100 per cent. compared with five years ago.

The laws of Michigan differ so widely from other states that the trust companies are incapable of receiving any benefits from or adding anything to the Federal reserve system. Statistics regarding their gross resources and total deposits mean nothing as they are not banks and cannot do a banking business. Their growth is to be measured by their increase in trust business.

Trust companies maintaining bond departments have been more prosperous during the past year than the preceding one. Profits from buying and selling of securities have been very much less during the past year than during normal times for the obvious reason that the sale of Liberty Bonds and other government securities has absorbed practically all investment funds. In the larger cities there has been a steady and satisfactory increase of trust business due to the better understanding of the advantages of using trust companies. This has come from properly planned advertising as well as from the growing appreciation by the public of the efficient service performed by these companies. It is a noticeable fact that in the larger cities of Michigan, the banks do not intend to add to their functions by establishing trust departments.

Missouri: by Thos. C. Hennings, vice-president and trust officer, Mercantile Trust Company, St. Louis.

There are now eighty-one trust companies doing business in the state of Missouri. All of them have increased their resources and are doing a prosperous business.

More and more time is being given by trust companies to governmental activities through the sale of Liberty Bonds, Thrift Stamps, etc.

The business of trust companies in reference to writing surety bonds is now limited to bonds executed in cases in probate court and in general court proceedings, experience having shown that general surety and fidelity bond business was both unsatisfactory and unprofitable.

More and more court business is now being handled by trust companies. In almost all of the large estates trust companies are named as executors, and as a rule there is a provision for the property of the estate being held in trust by a trust company.

The general public is fast becoming aware of the fact that it is best to have that character of fiduciary rather than the individual.

The war has called for a wide extension of the voluntary trust. A great many engaged in war activities in this country and Europe place all of their property in the hands of trust companies to manage during their absence.

Very little corporate financing has been done during the past year. The so-called "practice of the law," by trust companies, has been restricted. The trust companies, however, are working with attorneys in this respect.

New York: by W. I. Taber, president Citizens Trust Co., Utica.

Nine new trust companies have been organized during 1917; five of these companies were organized by the conversion of national banks into trust companies. A number of applications for the authorization of trust companies were refused. Thirty-five trust companies, with resources aggregating \$2,-

505,146,909, have become members of the Federal reserve system.

In the five-year period from June, 1913, to June, 1918, total deposits of the trust companies of New York State rose from \$1,349,117,331 to \$2,440,141,425, an increase of \$1,091,024,094; and the aggregate resources, which were \$1,662,025,118 in 1913, gained in the five years \$1,383,211,340, having a total in 1918 of \$3,045,236,458.

Trust companies are active in the promotion of agricultural progress, as evidenced by the work of the Patriotic Farmers Fund, the first of its kind in the United States, which was raised by private interests and handled through the office of the Citizens Trust Company of Utica.

This covered loans to farmers, principally of the tenant class, throughout the state of New York, with 238 trust companies and banks in the state acting as agents. Through these loans there was a large addition to the agricultural production, as is shown by the report which indicated 1,809 additional swine, 2,380 additional sheep purchases, 24,329 additional acres sowed to mixed crops.

Loyalty and activity has been exhibited by the trust companies in connection with the Three Liberty Loans. They have also been large subscribers to government Certificates of Indebtedness and have handled many War Savings Stamps.

North Dakota: by T. Melvin Lee, secretary Middle-West Trust Co., Valley City.

There are four trust companies in North Dakota, all of which have been organized since 1908; at the present time having a total resource of \$1,661,172.39.

The laws of the state of North Dakota confer upon the trust company the usual banking and trust power, together with the privilege of writing fidelity and surety bonds.

At first it was hard to get the general public to understand the nature of the business of the trust companies but through considerable work and publicity the four trust companies of the state have become very popular, and are now considered as the leading financial institutions of the state. The reason perhaps for there not being more trust companies in the state is that it requires a larger capitalization than that of state and national banks.

The gross sales of Liberty Bonds by and through trust companies amount to \$478,550,000 and of Certificates of Indebtedness, \$285,000.

Ohio: by Howard I. Shepherd, vice-president The Ohio Savings Bank & Trust Co., Toledo.

The Trust Companies Association of Ohio is vigilant in respect to legislation of a protective and constructive character. Through this association considerable progress has been made in the preparation of legislation giving trust companies the broad trust powers enjoyed by other states of the Union.

Marked progress is being made in further popularizing the fiduciary activities of the trust companies in the state. The advertising of trust companies is carried on extensively and consistently.

Every trust company in the state has been actively engaged in promoting sales of the Three Liberty Loans and they have all co-operated fully in respect to government Certificates of Indebtedness.

Oregon: by E. A. Wyld, vice-president Security Savings & Trust Co., Portland.

The conduct of trust business principally confined to the larger cities—the outlook for improved business is brighter than ever before, due to the fact that people are gradually becoming more familiar with the advantages of employing corporate fiduciaries.

By the laws of our state all state banks possessing trust powers, whether exercised or not, are designated as trust companies; and there are many such in the state. In fact, but few new state banks are now chartered without such powers; yet no distinction is drawn by the state banking department between banks and trust companies in the compilation of resources and total deposits. In that respect all trust companies, with the exception of title companies doing

a trust business, are classified as banks and no segregation has been made.

Oregon has exceeded its quota in every drive and the trust companies of the state stand well to the front in the ranks of the patriotic institutions of the country.

Provisions are being devised for a further promotion of trust company business throughout the coast states. Every effort is being used by trust companies to avoid encroaching upon the prerogatives of the legal profession. A clear understanding and spirit of co-operation between lawyers and trust companies is being fostered in every way possible. The outlook is very promising.

Pennsylvania: by Arthur V. Morton, vice-president Pennsylvania Company for Insurance on Lives and Granting Annuities, Philadelphia.

From 1912 to 1918 the number of trust companies increased from 288 to 313; deposits from \$490,000,000 to \$813,000,000; bank resources from \$755,000,000 to \$1,142,000,000; individual trust funds from \$972,000,000 to \$1,439,000,000.

This shows the increasing popularity of the trust companies, and the great factor which they are becoming in the banking community of Pennsylvania and in the care of property belonging to its citizens.

During the past two years the activities of the Trust Company Section of the Pennsylvania Bankers' Association have brought into closer relation with one another the trust companies of the state and have made the section a live and active body working for the interests of the institutions which it represents.

As the result of considerable work on the part of trust company representatives in Philadelphia, Pittsburgh and other cities in Pennsylvania, important legislation was enacted at Harrisburg during the past session of the Legislature.

Provision was also made for membership in the Federal reserve system. Twenty-one trust companies in Pennsylvania have become members of the Federal reserve system.

The trust companies of the state have been very active in placing Liberty Loans, Certificates of Indebtedness, and in the educational work covering War Savings and War Stamps.

Rhode Island: by H. L. Slader, vice-president Rhode Island Hospital Trust Co., Providence.

The increase in assets during the past five years have been more than \$40,000,000; deposits in the same time have increased \$31,000,000. A reduction in assets and deposits during the past year was evidently caused by investments in Liberty Loans. The trust companies have been very energetic in aiding the government to finance the war. Subscriptions and sales of the three issues through the trust companies have amounted to \$59,600,000 out of a total of \$91,943,300 for the state—about 63½ per cent. of the total.

They have also taken \$9,700,000 of the Certificates of indebtedness, which is 70 per cent. of the total amount of certificates sold in Rhode Island. They have also sold their proportionate part of War Savings Stamps, and given strong support to the Red Cross, Y. M. C. A., and campaigns of other humanitarian and deserving enterprises.

The two largest companies are members of the Federal reserve system, and one other has made application for membership.

Trust business is growing very rapidly and trust companies are becoming more popular each year.

South Carolina: by S. T. Carter, president Guaranty Trust Co., Columbia.

All of the trust companies with the exception of two or three are operated in connection with banking institutions and do very little fiduciary business.

Tennessee: by E. L. Rice, vice-president Bank of Commerce & Trust Co., Memphis.

There are no members of this association in Tennessee, which do a trust company business exclusively. All of them are classed as state banks; all receive deposits and are under the supervision of the State Banking Department. Several of the larger banks doing a trust company business have become members of the Federal reserve system.

General conditions are prosperous, but the banks of the cotton growing portion of the state have been burdened to some extent on account of the slow movement of the old crop

and the growing demands for the new crop. This difficulty was accentuated somewhat by the financial requests of the Government. The banks have been meeting these requests to the utmost of their ability.

Texas: by Tom F. Rodgers, president Denison Bank & Trust Co., Denison.

There are seventy trust companies operating in Texas, according to reports from the Department of Insurance and Banking. The total resources of these institutions have increased something like \$6,000,000, and total deposits increased \$3,500,000 during the year just closing.

There were several trust companies which were liquidated during the year, but an equal number of new charters were granted, which leaves net number of trust companies in the state the same as it was one year ago.

Most of the institutions confined their operations to commercial banking and there is not much tendency toward the increase of fiduciary business.

Vermont: by Frank G. Howland, president Barre Savings Bank & Trust Co., Barre.

The past year has been as prosperous a one for the trust companies of our state as we could expect, when we consider the war conditions that have existed. General business has been good and our farmers have been favored with good crops and prices. Our trust companies have taken a more active interest in the agricultural work of the state this year.

Several changes were made in the investment laws of the state, and trust companies are now permitted to purchase bonds of the United Kingdom of Great Britain and Ireland, and the Republic of France, provided they are secured by collateral deposited in this country and approved by the bank commissioner. Investment may also be made in bonds of the Dominion of Canada and its various provinces; also high grade public service mortgage bonds. Bank acceptances may also be purchased.

The trust companies of the state subscribed for \$8,275,000,000 in the first, second and third issues of Liberty Bonds.

Deposits during the past year show a slight decrease.

Washington: by G. F. Clark, vice-president Union Savings & Trust Co., Seattle.

The trust companies which do a commercial and savings business in addition to trust business have been quite prosperous, owing to the high prices of all commodities and wages existing in the Northwest, and the deposits in both branches show a very nice increase. As to strictly trust business, it has not been as favorable.

During the last legislature, which was some fifteen months ago, the trust companies were severely attacked and their powers for soliciting business considerably curtailed, which prevents the solicitation of appointments as administrator, executor, etc. Since that time there has been practically no trust business of this kind. The legislature convenes again next January, and whether the trust companies will again be subjected to further restrictions remains to be seen.

There are no new laws advocated as far as I know, except the withdrawal of the restrictions now existing, as mentioned above. If this modification could be accomplished, the trust companies could operate to good advantage and not in any way encroach upon the field of the attorneys.

Chairman Hulbert has announced the appointment of the following committees:

*Committee on Legislation* (handling Federal legislative matters): Henry M. Campbell, chairman of the board Union Trust Co., Detroit, Mich., Chairman; Uzal H. McCarter, president Fidelity Trust Co., Newark, N. J.; W. E. McVay, vice-president Guaranty Trust & Savings Bank, Los Angeles, Cal.; H. I. Shepherd, vice-president Ohio Savings Bank & Trust Co., Toledo, Ohio; Asa G. Candler, president Central Bank & Trust Corporation, Atlanta, Ga.; Myron S. Hall, president Buffalo Trust Co., Buffalo, N. Y.; Oliver C. Fuller, president Wisconsin Trust Co., Milwaukee, Wis.

*Committee on Protective Laws* (handling state legislative matters): Theodore G. Smith, vice-president International Trust Co., Denver, Colo., Chairman; W. T. Kemper, chairman of the board Commerce Trust Co., Kansas City, Mo.;

F. J. H. Sutton, vice-president Guaranty Trust Co. of New York, New York City; Lucius Teter, president Chicago Savings Bank & Trust Co., Chicago, Ill.; John Stites, president Louisville Trust Co., Louisville, Ky.; Tom F. Rodgers, president The Denison Bank & Trust Co., Denison, Texas.

#### PUBLICITY BULLETIN

The wide publicity which followed the distribution of "Bulletin No. 1" issued by the Publicity Committee, resulted in many requests being received from non-members and advertising firms. As the committee was formed for and its services given to benefit member companies, all such requests have been refused.

#### RESERVE BANK'S LETTER

The Federal Reserve Bank of New York has sent the following letter to lawyers and trustees:

### Preliminary Survey of Trust Company Participation in the Fourth Liberty Loan

As an expression of the unity of purpose in furthering the nation's war program, the Fourth Liberty Loan is without precedent.

Although the final reports were not available at the time of preparing this brief survey on October 30, sufficient information was in hand to indicate that the subscribers to the Fourth Liberty Loan totaled approximately 22,000,000 persons, or 20 per cent. of our population, and that an over-subscription appeared definitely assured.

This achievement gains greater significance when it is remembered that the "drive" was made when almost every bank and trust company in the country was struggling with new and inexperienced help; with working forces greatly reduced by reason of the influenza epidemic which raged in many parts of the country; also notwithstanding expectation of early peace and a growing impression that the funds would not be needed, as well as over-confidence that the Loan would be easily subscribed.

The financial institutions of the country were organized as in no previous Loan for success in subscribing their full quotas. That they have succeeded and splendidly, will be revealed when the totals and details become fully known.

In order to ascertain in a general way to what extent the trust companies of the country had succeeded in accomplishing their part in the task, inquiries were addressed, at the close of the Loan, to the trust companies in a few of the principal cities of the country. Not all were able to respond because of the enormous volume of detail to be completed before the final figures could even be approximated. This was true of companies in Philadelphia, Boston, Baltimore and Pittsburgh, in all of which the Loan is reported as having been over-subscribed. New York and Brooklyn, as was expected, made their tremendous quota of \$1,315,838,000, with the trust companies of the two boroughs subscribing over \$565,500,000. Of this amount the Guaranty Trust Company alone took \$132,000,000, and leads all financial institutions in the United States in total subscriptions secured.

Chicago trust companies are reported as having subscribed \$160,000,000 of their city's quota. In St.

DEAR SIRs—The following very important ruling of interest to all those who hold securities in trust has just been received from the Treasury Department at Washington:

"Fourth Liberty Loan bonds subscribed for by a trustee, income on which is regularly or annually distributable to a specified beneficiary, are regarded for taxation purposes as bonds of such beneficiary and exemptions upon or in respect of such bonds apply to total holdings of beneficiary directly and through trustee."

This permits a holding of \$30,000, principal amount, of Fourth Liberty Loan bonds for each beneficiary entitled to regular income from a trust, free from income taxes, excess profits taxes and war profits taxes, for the period of the war and for two years thereafter, with corresponding exemptions as to the other 4 per cent. and 4 1/4 per cent. issues (if none of the earlier 4 per cent. and 4 1/4 per cent. issues are held, the total exemption on the Fourth Loan may be \$35,000).

A study of such funds as you may have available for investment as trustee is earnestly urged.

Louis the banks and trust companies subscribed through the Metropolitan Liberty Loan organization without local banks or trust companies participating except for a nominal amount of \$30,000 each. The resources of the banks and trust companies were held to accommodate customers who bought Liberty bonds. St. Louis district was the first to reach and pass its quota. The five trust companies of Detroit which do not do a banking business reported subscriptions amounting to \$2,141,100; while of the \$113,000,000 allotted to Cleveland, over half was subscribed through the trust companies of the city. Estimates placed the number of individual subscribers as close to 60,000. The five trust companies of Buffalo report \$18,199,000 bonds sold.

The eight trust companies of Denver reported \$5,581,599, while \$326,400 was taken through the trust companies of Salt Lake City. That the campaign in Seattle, Wash., was well planned and executed is indicated by the report from that city which states that the full quota was made up without asking banks or trust companies to subscribe, thus leaving them free to purchase certificates of indebtedness. Almost the same account was received from Spokane, where a large number of individual subscribers was reported as having absorbed more than the city's full quota of bonds.

San Francisco trust companies report over \$12,000,000 taken by themselves and customers, although but a small proportion remains in the hands of the trust companies, which again indicates a campaign well planned and executed for placing bonds in the hands of the individual subscribers. In Little Rock, Ark., the six trust companies subscribed approximately \$1,550,000, while of the allotment of \$29,000,000 to New Orleans, \$20,000,000 was taken by the trust companies of the city. Trust companies of Memphis, Tenn., reported having taken their full quota of \$6,640,000, which was more than one-half the entire amount allotted to the county.

When the full details of this gigantic financial achievement shall be known the trust companies of the country, in common with all financial institutions, will be able to point with pride to their participation in a financial victory as unprecedented as it is creditable to their patriotism.

L. A. M.



# Savings Bank Section

## EXECUTIVE COMMITTEE AND SECRETARY

1. *Aiding the government in all war work whenever and wherever possible.*

It has been the policy of the section, since the beginning of the war, to be at the call of the government for war work. The results of this policy have been very gratifying. Most every member of the Executive Committee, if not every member, has been a leader in his community in War Savings and Liberty Loans, as well as other Government campaigns.

During the next year we will no doubt have plenty of opportunity to serve the government constructively in bringing a victorious peace to Allied arms. Even though peace does come, the problems of reconstruction, social and economic in character, will present to us opportunities for splendid service that are not ordinarily presented.

## COMMITTEE ON AMERICANIZATION

W. S. Webb, Chairman; Jos. N. Francolini, Vice-Chairman; B. F. Saul, James D. Garrett, H. P. Gifford, A. P. Giannini, W. R. Meakle, Jos. R. Noel, G. L. Grover.

2. *Co-operating with the Bureau of Education, United States Department of the Interior, in its campaign of Americanization.*

The Bureau of Education has been doing excellent work in organizing for Americanizing the immigrant population. In this they are aided by the United States Chamber of Commerce Committee on Americanization, which covers all phases of Americanization work.

The activities of this committee would cover that part of the activities of the Bureau of Education relating to furnishing the material, counsel and advice concerning the use of savings institutions by the alien population, as well as American investments. The potentialities of this service are unlimited. The financial end of a person's life is so significant that the entire program of Americanization may properly revolve around financial education of the immigrant. This committee has already done excellent work during the past year, but its activities merely touched the surface of the potentialities.

## COMMITTEE ON "SERVICE TO MEMBERS"

Myron T. Herrick, Chairman; W. E. Knox, Frederic B. Washburn, C. A. Middaugh, B. W. Moser, H. R. Kinsey.

3. *A definite plan of action for rendering needed service to members.*

While every activity of the section, either directly or indirectly, may be considered as "Service to Members," still there are certain phases of the work which may be properly designated in a separate activity. Thus inquiries, which are numerous and as different as they are numerous, pertaining to the operation of a savings bank or savings department in commercial bank or trust company; advertising and the policies of the various departments of an institution.

The thought in connection with making more definite such service, is to more or less standardize the information so it may be promptly or immediately available to members. For example, in the section office, the secretary has accumulated data and information concerning all members, which he keeps in separate files in the name of each member, and digests of this information on cards under the name of the member.

Another thought is to have articles and editorials written, relating to savings institutions, and sent to our members for publication in local newspapers and periodicals.

4. *Consideration of additional functions for savings banks.*

a. *How to more adequately serve the community.*

b. *Care of savings during the period of reconstruction.*

The addition of a department on home economics or an agricultural department to a savings bank would cover the point raised in this branch of the activities of this committee.

The war has taught a vast number of people to save and economize. The self-evident value of thrift has been so superbly emphasized by the war, that the public demand for agencies which will co-operate with it in continuing economies, will undoubtedly be so great as to require the utmost effort on the part of private institutions; for in the event that private institutions do not fill such demand, the public will create them itself through the instrumentality of the government; for instance, more facilities for savings, branch savings banks, greater contact of the savings institution with the public, as well as its depositors. The savings institutions cannot sit idly by while these tremendous changes in our economic life are being brought about. It will be necessary for us to strictly conform with the times in order to survive.

5. *Furnish members with suggested savings advertisements in conformity with war times.*

The obvious advantage to savings banks in advertising W. S. S. not only for the sale of W. S. S., but their own savings, places the bank on the side of the government, and hence on the side of the people forever. Suggested advertisements of this kind undoubtedly will be most helpful.

6. *Continuous study and analysis of the savings bank situation and reporting periodically the results to the banks, members of the section.*

This should be done every six months during the period of the war, and at least for a year thereafter. We have experienced excellent results from the analysis already made, that makes a continuation of the work a necessity.

7. *Gather new forms and methods for the operation of savings banks and savings departments of commercial banks and trust companies.*

This has not been done since 1912, consequently there are plenty of new forms which should be used by up-to-date savings banks.



A study of this situation would perhaps be better than the actual application of a new Book of Forms for this year, inasmuch as a change in conditions and probable additional functions of savings institutions will make it necessary to suggest different forms than we can possibly gather from any institution today.

**Additional functions.** The securing of information concerning the special powers of savings institutions given to them by charters prior to the passage of state general savings bank laws, will also enable the section to urge in a substantial way additional functions for savings institutions.

#### COMMITTEE ON ACCEPTANCES

Samuel H. Beach, Chairman; R. C. Stephenson, George E. Brock, W. E. McVay, Howard Biddulph, W. A. Sadd, T. G. Smith.

8. *Campaign to urge investment by savings banks of a certain portion of their funds in liquid assets.*

The work of this committee since the meeting of the Executive Committee at Hot Springs has been preparatory and in the process of organization. The plan of campaign suggested was: 1. To request every mutual savings bank and all stock savings banks, in such states as restricted investment of savings funds, to designate one man in each institution with whom we could communicate relative to the campaign. 2. To have General Counsel Paton draft a model bill for suggestion to the Committee on State Legislation to various state bankers associations for presentation to their respective state legislatures. 3. A definite plan of publicity through banking and financial periodicals, as well as various publications of the section. 4. Is it necessary to have a credit information file if a bank buys acceptances to any extent? 5. The possibility of working through or in co-operation with the savings banks associations of the various states, as well as the state banking associations in those states which have no savings bank association.

Pursuant to a resolution of the Executive Committee at Chicago, a booklet is being published containing the discussion of "Is the Short Term Liquid Security an Essential to the Proper Operation of a Savings Bank?" also the analysis of the condition of savings banks as of August 1. Copies of this booklet will be sent to all mutual savings banks throughout the country, as well as the stock savings banks. Those copies sent to members of the Association will be sent directly from the section office. Those sent to non-member banks will be sent by the various members of the Executive Committee, urging membership in the Association. This booklet will undoubtedly give the savings banker a better understanding of the value of the acceptance as a liquid investment.

The members of this committee will be expected to urge investment in bankers' acceptances wherever and whenever possible in their respective states, if the state law permits such investments for savings banks. In the event that an amendment to the law is necessary before funds may be so invested, the presumed work of the committee would be to urge such legislation through the Committee on State Legislation, the Chairman of which is R. R. Frazier of Seattle, Wash., and the vice-

chairman, A. Koppel, treasurer Central Savings Bank, New York.

The country is fairly well represented on this Committee — Mr. Stephenson of Indiana, Mr. Brock of Massachusetts, who is also a member of the Federal Legislative Committee of the American Bankers Association; Mr. McVay of California, Mr. Biddulph of New Jersey, Mr. Sadd of Tennessee and Mr. Smith of Colorado.

#### COMMITTEE OF AMORTIZATION OF MORTGAGES

John J. Pulleyn, Chairman; Peter J. Slach, B. F. Saul, H. P. Beckwith, Wm. A. Nelson.

9. *Study of the best plan of amortization of mortgages and a campaign among the banks to urge the adoption of the plan.*

The opportunity which is presented to this committee for constructive work is an excellent one. The chairman of it is a man who is not only thoroughly acquainted with the subject, but has the ability to accomplish the object of the committee.

There is no intention to formulate a definite plan for the amortization of mortgages, but to urge every savings bank in America to extend loans on mortgages based upon the amortization plan; the primary purpose being not only to encourage thrift in the borrower, but to give the bank a greater turn-over of funds for additional investment and for wider use in the community. It is presumed that amortization of mortgage loans would secure for the savings bank greater cash availability of assets.

The question of small mortgage loans should also be handled by this committee; the borrower to be aided in paying off the loan by the bank's urging systematic savings deposits, with the object of paying off the mortgage loan through savings within a stipulated time. Thus the bank will measurably increase its service to the community.

The question of loans on farm lands by savings banks in the smaller cities, and the amortization of such loans, should also be discussed as incident to the activities of this committee.

The experiences of the members of this committee will be most valuable in the conduct of its work. Mr. Slach, for example, who is secretary and treasurer of an outlying bank of Cleveland, has had splendid experience in just this kind of work. Mr. Saul is an expert along these lines, as also Mr. Beckwith.

#### COMMITTEE OF THREE ON CO-OPERATION WITH SIMILAR COMMITTEE OF INVESTMENT BANKERS ASSOCIATION FOR THE STUDY OF SECURITIES WHICH ARE OF MUTUAL INTEREST

Frederic B. Washburn, Chairman; Myron T. Her-  
rick, John J. Pulleyn.

10. *Campaign to induce states and municipalities to issue new or refunding securities upon a serial basis.*

The study of the railroad, municipal and public utility securities, as well as government securities, will require the thought of the best minds in America. The holdings of savings banks alone in states and municipalities are more than 20 per cent. of the total outstanding issues.

The Investment Bankers Association convention will be held in St. Louis, November 18, 19 and 20. Secretary Harrison expects to attend this convention as a representative of the American Bankers Association.

#### COMMITTEE ON MEMBERSHIP

George E. Brock, Chairman, John R. Haven, A. F. Drummond, Samuel H. Beach, Charles F. Brook.

11. *Campaign to secure 250 new savings bank members.*

Sixty-seven per cent. of the mutual savings banks are members of the Association. It should be the purpose of this committee to increase the membership to at least 25 per cent. more of the savings banks of this class. There are 622 mutual savings banks in the country. We should be able to secure 100 new mutual savings banks this year through an intensive drive. Mr. Brock is well able to conduct such a campaign, and his associates on this committee are all of the highest type, and will be of great aid in securing even more than 250 members. We have a list of potential members amounting to over 1,300, so 250 is a goal that should not be difficult to reach.

#### COMMITTEE ON STATE LEGISLATION

R. R. Frazier, Chairman; A. Koppel, Vice-Chairman; F. C. Nichols, W. P. Goodwin, Louis Betz.

This committee should urge, through the proper channels in the respective states, state legislation such as amendments to the state laws permitting investment in acceptances, or any other suggested changes beneficial to savings banks.

Its services would at all times be available to the state bankers associations and the savings banks associations in the various states in collecting material, etc., and the promotion of state legislation by such associations. Its purpose should also be to study the question of segregation of savings deposits from other deposits taken by commercial banks and trust companies. The question of uniformity of state taxation of savings deposits or surplus should also be studied.

Data and information should be collected to be available at any time concerning guaranty of savings deposits, so that if such question arises at any time it will be adequately met.

12. *Study of savings banks systems in foreign countries.*

13. *Maintain channels of information concerning savings between our office and offices in foreign countries, which represent the savings institutions of such countries.*

The benefit that may be derived from a mutual exchange of information between the various countries throughout the world are many, and will undoubtedly permit a more cordial relationship between the various countries, as well as to mutually secure thereby important information advantageous to the business of savings.

At present the section maintains such relationship with Japan, Denmark and England. The Savings Bank Section should be internationally recognized as the representative body of American savings institutions.

#### COMMITTEE ON FEDERAL LEGISLATION

W. A. Sadd, Chairman; R. C. Stephenson, B. F. Saul, W. D. Longyear, James H. Manning.

Undoubtedly with the coming of peace, the question of the acquisition of capital funds which arise solely from savings will be one that not only deserves our attention, but makes it imperative for us to properly and thoroughly study. At present a depositor in a postal savings bank, without restriction, may deposit up to \$2,500. The facilities which the government may create respecting the savings of the people require us to very carefully watch any new developments in respect thereto.

There is a question as to what is to become of the habit created by the War Savings campaign—is the government going to create another department to handle these small savings or to sell certificates to the public, in order to secure funds for government enterprises?

The development of the Federal farm loan system should be closely watched, not with the idea of destroying, but more to construct an adequate institution which will make the government enterprise unnecessary except in those places where it is unprofitable or impracticable for existing institutions to operate.

M. W. H.

## Army Subscriptions to Liberty Loan

The War Department authorizes the following: Brigadier General Herbert M. Lord, Army Liberty Loan Officer, announces that complete reports of subscriptions to the Fourth Liberty Loan by the United States Army at home and abroad have been received. The total subscriptions amount to \$75,540,550, which include \$2,400,500 subscribed by the American Expeditionary Force in France and reported by General Pershing, and \$263,100 subscribed by the American Expeditionary Forces in Siberia and reported by General Graves. Other subscriptions came from forces stationed in Hawaii, Alaska, Panama, the Philippines

and other territorial possessions of the United States. The amount subscribed by the Army to the Fourth Loan is more than three times the amount of the Army subscriptions to the Third Liberty Loan.

Members of the military establishment have to date bought a total of \$197,000,000 of the Fourth Liberty Loan issues, or an average of \$49,250,000 for each loan.

Combining the Navy subscriptions of \$43,000,000 with the \$75,000,000 subscribed by the Army, the members of our fighting forces subscribed a total of \$118,000,000 to the Fourth Liberty Loan.

# Clearing House Section

## PAMPHLET DISTRIBUTED

The Clearing House Section has sent a pamphlet containing the address of John McHugh, President, the report of Thos. B. McAdams, Chairman of the Executive Committee, and a complete schedule of activities of the section for the current association year to every clearing house, to the state representatives and to the various committeemen. The address of the President and the report of the chairman are replete with valuable information. A few copies of this pamphlet are left. The secretary of the section will mail a copy to anyone who is interested so long as the supply lasts. Address the Secretary of the Clearing House Section, Five Nassau Street, New York.

## FINANCIAL STATEMENT FORM RECOMMENDED

The paper-buying banks throughout the country have for a long time felt the urgent need for comprehensive information regarding individuals, firms and corporations whose paper is sold in the open market. The Clearing House Section, recognizing this need, appointed a special committee, charged with the responsibility of developing a satisfactory form. This committee made its report at the annual meeting of the section at Chicago. The report was unanimously adopted and plans were made under which the associated banks will make effort to have the form used for the January statements of firms whose paper is sold in the market.

FORM OF CONDENSED FINANCIAL STATEMENT APPROVED BY THE ANNUAL CONVENTION OF CLEARING HOUSE SECTION OF THE AMERICAN BANKERS ASSOCIATION, CHICAGO, SEPTEMBER 24, 1918

### FINANCIAL STATEMENT

### CORPORATION

Corporate Name  
Business  
Main Office  
Branches

Location of Plant

ASSETS		LIABILITIES	
	Dollars Cents		Dollars Cents
Cash on Hand and in Bank . . . . .		Notes Payable for Merchandise . . . . .	
Notes Receivable of Customers:		Acceptances Issued . . . . .	
Current . . . . .		Notes Payable to Banks . . . . .	
Notes Receivable of Customers:		Notes Payable for Paper Sold . . . . .	
Past Due, Cash Value . . . . .			
Accounts Receivable of Customers:		Notes Payable to Officers, Directors and Stock-	
Current . . . . .		holders . . . . .	
Accounts Receivable of Customers:		Notes Payable to Others . . . . .	
Past Due Less than 6 Months . . . . .		Accounts Payable—Not Due . . . . .	
Past Due Over 6 Months . . . . .		Accounts Payable—Past Due . . . . .	
Acceptances of Customers . . . . .		Accounts Payable to Officers, Directors and Stock-	
Merchandise—Finished . . . . .		holders . . . . .	
Merchandise—In Process—Unfinished . . . . .		Deposits of Money with this Company by Officers	
Merchandise—Raw Material . . . . .		and Others . . . . .	
Collateral Pledged to Loans:			
Notes Receivable . . . . .		Secured Liabilities by:	
Accounts Receivable . . . . .		Notes Receivable . . . . .	
Trade Acceptances . . . . .		Accounts Receivable . . . . .	
Merchandise . . . . .		Trade Acceptances . . . . .	
Securities . . . . .		Merchandise . . . . .	
Other Active Assets . . . . .		Securities . . . . .	
		Any Other Current Liabilities . . . . .	
Total Active Assets . . . . .			
Due from Controlled or Allied Concerns:		Total Current Liabilities . . . . .	
For Merchandise . . . . .			
For Advances . . . . .		Mortgages or Liens on Real Estate . . . . .	
Stocks, Bonds and Investments . . . . .		Bonded Debt . . . . .	
Land . . . . .		Chattel Mortgages . . . . .	
Buildings . . . . .		Any Other Liabilities—Itemize . . . . .	
Machinery, Equipment and Fixtures . . . . .			
Horses, Wagons and Automobiles . . . . .			
Notes Receivable—Due from Officers, Stockholders		Total Liabilities . . . . .	
and Employes . . . . .			
Accounts Receivable—Due from Officers, Stock-		Reserves—Itemize . . . . .	
holders and Employes . . . . .			
Good Will, Patents and Trade Marks . . . . .		Capital Stock—Preferred Outstanding . . . . .	
Other Assets—Itemize . . . . .		Capital Stock—Common Outstanding . . . . .	
		Surplus and Undivided Profits . . . . .	
Deferred Assets . . . . .			
Total . . . . .		Total . . . . .	

## CONTINGENT LIABILITY OF ANY KIND

Upon Receivables Discounted or Pledged	
Upon Accommodation Paper or Endorsements	
Customers' Accounts Sold and Assigned	
As Guarantee for Others on Notes, Contracts, etc.	
For Bonds or Unfinished Contracts	
For Leases	
Other Contingent Liabilities	

Condensed Profit and Loss Statement for Fiscal Years Ending.....191

EXPENSE	INCOME
Cost of Material or Merchandise Consumed	Net Sales
Actual Expense of Conducting Business, Including Rent, Taxes, Insurance, etc.	From Investments
Salaries Paid to Officers	From Discount in Purchase
Interest on Borrowed Money and Bonds	From Other Sources—Itemize
Bad Debts Charged Off	
Depreciation Charged Off	
Net Profits	
Total	Total

## SURPLUS AND UNDIVIDED PROFITS

At Close of Previous Year, \$.....		
Less Charges Not Applicable to Current year, \$.....	\$.....	
Add Net Profits as Above—Itemize	\$.....	\$.....
Less Dividends (Preferred, Per Cent.)	\$.....	
(Common, Per Cent.)	\$.....	\$.....
Undivided Profits.		

I/we have audited the accounts of  
for the period fromand certify that in my/our opinion  
the above Balance Sheet and Statement of Profit and Loss  
set forth the financial condition of the firm or company at  
and the results of its operations for the  
period.

Public Accountants.

Worth of Endorsers Exclusive of their Interests in the above Corporation.

\$.....  
\$.....

## Quarterly Statements of Country Clearing Houses

THIRD QUARTER—ENDING SEPTEMBER 30, 1918

(See page 70 August JOURNAL for Statement for Second Quarter)

Clearing Houses	Number of checks Handled	Volume of Checks	Number of Banks Using the Country Clearing Department	Number of Towns Upon which Checks Are Handled	Number of Banks Upon which Checks Are Handled	Number of Letters Sent Out Daily (Average)	(a) Operating Cost per Check (b) Operating Cost per \$1,000
Atlanta	998,387	\$69,452,339.38	6	1,200	1,410	1,300	(a) .0102 (b) .1740
Detroit	531,333	29,809,962.99	11	525	865	525	(a) .02 (b) .201
Kansas City	619,914	33,419,125.47	15	1,801	3,516	900	(a) .01 (b) .195
Louisville	700,000	24,351,239.85	7	1,251	2,153	550	(a) .006 (b) .1666
Nashville	475,588	24,736,011.63	5	552	908	450	(a) .007 (b) .17
New York City	1,357,727	263,304,902.61	33	370	914	860	(a) .01 (b) .047
Oklahoma City	No record	6,199,269.03	5	400	600	200	(a) (b) .12
Omaha	No report						
Richmond, Va.	906,373	63,469,000.00	5	852	1,200	779	(a) .00907 (b) .129
St. Louis, Mo.	1,302,419	65,267,953.03	15	2,050	3,200	1,600	(a) .00842 (b) .168
Total	6,891,741	\$580,009,803.99	102	9,031	14,766	7,164	



## TOTAL BANK TRANSACTIONS

The Federal Reserve Board's plan for accumulating total bank transactions is developing rapidly. Under it, a most valuable line of statistics is being acquired. Every associated bank and every clearing house should co-operate closely with the Federal Reserve Board in this undertaking. When the figures for a few additional cities have been made available the total bank transactions will serve as an actual and true barometer of business growth and development. The Clearing House Section, while continuing to compile and publish these figures, will assist the Federal Reserve Board in every way possible, to the end that its plan shall be a success.

## Clearings and Total Bank Transactions

FOR THIRD QUARTER, 1918 (JULY, AUGUST AND SEPTEMBER)

(See page 91 of August JOURNAL for figures for Second QUARTER, 1918.)

Clearing House Association	Clearings	Total Bank Transactions
Atlanta, Ga.....	\$539,469,000	\$734,884,000
Cedar Rapids, Ia.....	24,673,000	158,346,000
Cincinnati, Ohio.....	751,417,000	2,182,885,000
Des Moines, Ia.....	119,368,000	556,613,000
Detroit, Mich.....	785,020,000	1,642,023,000
Fort Wayne, Ind.....	17,179,000	157,762,000
Grand Rapids, Mich.....	62,046,000	199,078,000
Hartford, Conn.....	102,857,000	221,969,000
*Houston, Texas.....	210,695,000	.....
Indianapolis, Ind.....	227,180,000	628,323,000
Kansas City, Mo.....	2,557,144,000	3,573,413,000
Los Angeles, Cal.....	381,709,000	809,604,000
Louisville, Ky.....	279,582,000	1,147,727,000
Memphis, Tenn.....	127,895,000	867,000,000
Minneapolis, Minn.....	461,725,000	2,478,163,000
New Orleans, La.....	567,651,000	1,102,997,000
Oakland, Cal.....	85,620,000	162,982,000
*Omaha, Neb.....	697,630,000	.....
Portland, Me.....	10,170,000	122,300,000
Providence, R. I.....	141,768,000	353,546,000
Richmond, Va.....	603,924,000	1,252,530,000
Sacramento, Cal.....	52,741,000	288,327,000
San Francisco, Cal.....	1,438,956,000	2,932,217,000
St. Joseph, Mo.....	204,081,000	1,256,799,000
Scranton, Pa.....	49,623,000	150,045,000
Seattle, Wash.....	496,054,000	872,443,000
South Bend, Ind.....	14,762,000	41,037,000
Spokane, Wash.....	103,855,000	179,263,000
Springfield, Mass.....	49,107,000	154,764,000
Stockton, Cal.....	24,556,000	51,961,000
Tacoma, Wash.....	64,584,000	195,256,000
*Toledo, Ohio.....	137,873,000	.....
Trenton, N. J.....	37,708,000	121,241,000
*Tulsa, Okla.....	114,620,000	.....
Vicksburg, Miss.....	4,211,000	17,024,000
	\$10,386,635,000	\$24,612,522,000

\* Note.—Houston, Omaha, Toledo and Tulsa total bank transactions not reported—hence omitted.

† \*Omitted from total.

## PITTSBURGH ADOPTS "GO BACK" CLEARING PLAN

The Pittsburgh Clearing House Association has arranged for a special clearing at which all "Go Backs or Return Items" are exchanged. This relieves of the necessity of each bank sending such items by special messenger to the original clearing bank, relieves the bank officers of considerable work and frees the tellers' windows from congestion during the busiest hours of the day. Every clearing house should adopt this modern idea.

## NEW MEMBERS

The Charlotte, N. C., Clearing House Association has joined the Clearing House Section. The section has 100 per cent. membership. There are 231 regularly organized clearing houses in America and all are members of the section.

A new clearing house association is being formed at Rocky Mount, N. C. It will become a member as soon as it is perfected.

The banks at Dickinson, N. D., and Greencastle, Ind., are also considering the matter of organizing clearing houses.

Full information regarding the organization and operation of clearing houses will be furnished to anyone interested by the secretary of the Clearing House Section.

## A LIVE ORGANIZATION PERFECTED

During the current association year it will be the purpose of the Clearing House Section to give every State Representative, every officer and every committeeman some special service of value to perform. The work of the section has been sub-divided and each committee has been assigned an important sub-division, for which it will be held responsible. The section officials believe that the conditions afford the section the greatest opportunity for service during the coming year that it has ever had.

In the Clearing House Section organization there are 231 associated clearing houses. The officers are:

President, Stoddard Jess, president First National Bank, Los Angeles, Cal.; vice-president, Thos. B. McAdams, vice-president Merchants National Bank, Richmond, Va.; chairman, Raymond F. McNally, vice-president National Bank of Commerce, St. Louis, Mo.; secretary, Jerome Thralls, 5 Nassau Street, New York City.

*Executive Committee:* Raymond F. McNally, vice-president National Bank of Commerce, St. Louis, Mo.; James Ringold, vice-president United States National Bank, Denver, Colo.; John R. Washburn, vice-president Continental & Commercial National Bank, Chicago, Ill.; A. A. Crane, vice-president First & Security National Bank, Minneapolis, Minn.; Francis Coates, Jr., Clearing House Examiner, Cleveland, Ohio; Joseph Wayne, Jr., president Girard National Bank, Philadelphia, Pa.; Ex-officio, John McHugh, vice-president Mechanics & Metals National Bank, N. Y.; Stoddard Jess, president, First National Bank, Los Angeles, Cal.; Thos. B. McAdams, vice-president Merchants National Bank, Richmond, Va.

1—*Committee on Country Clearing Houses:* A. A. Crane, chairman, vice-president First and Security National Bank, Minneapolis, Minn.; F. K. Houston, vice-president Third National Bank, St. Louis, Mo.; W. F. Augustine, asst. cashier Merchants National Bank, Richmond, Va.

2—*Committee on County and Smaller City Clearing Houses:* F. B. Brady, chairman, vice-president Peoples Trust Co., Chillicothe, Mo.; Wayne Hummer, vice-president La Salle National Bank, La Salle, Ill.; Millard F. Jones, cashier Planters National Bank, Rocky Mount, N. C.; C. H. McNider, president First National Bank, Mason City, Iowa; W. S. Gavitt, president Gavitt National Bank, Lyons, N. Y.

3—*Committee on Forms:* R. F. McNally, chairman, vice-president National Bank of Commerce, St. Louis, Mo.; C. W. Allendoerfer, vice-president First National Bank, Kansas City, Mo.; J. F. Hagey, vice-president First National Bank, Chicago, Ill.; W. E. Sprecher, cashier State Bank of Independence, Independence, Wis.; Geo. S. Parker, president Live Stock National Bank, Sioux City, Iowa. Secretary of Section—ex-officio.

4—*Committee on Post-War Conditions:* Ralph Van Vechten, chairman, vice-president Continental & Commercial National Bank, Chicago, Ill.; W. B. Vincent, vice-president Old

National Bank, Spokane, Wash.: John McHugh, vice-president Mechanics & Metals National Bank, New York City; A. D. Graham, president Citizens National Bank, Baltimore, Md.; C. G. Hutchison, vice-president First National Bank, Kansas City, Mo.

5—*Committee on Condensed Statements and Relations of Bankers and Note Brokers*: J. H. Fulton, chairman, vice-president National City Bank, New York City; Thos. B. McAdams, vice-president Merchants National Bank, Richmond, Va.; J. R. Washburn, vice-president Continental & Commercial National Bank, Chicago, Ill.

(The Chairman is authorized to enlarge this committee by the addition of one member from each of the important clearing house centers.)

6—*Committee on Universal Numerical System*: James A. Walker, chairman, manager Transit Department Corn Exchange National Bank, Chicago, Ill.; R. G. Danielson, assistant cashier Continental & Commercial National Bank, Chicago, Ill.; C. E. Estes, vice-president Merchants Loan & Trust Company, Chicago, Ill.

#### STATE REPRESENTATIVES

Alabama: Michael Cody, president Exchange National Bank, Montgomery.

Arizona: C. O. Ellis, vice-president Bank of Douglas, Douglas.

Arkansas: A. D. Foster, cashier Merchants & Planters Bank, Pine Bluff.

California: C. K. McIntosh, vice-president Bank of California, San Francisco.

Colorado: Edward S. Irish, cashier Denver National Bank, Denver.

Connecticut: Leon S. Broadhurst, president Phoenix National Bank, Hartford.

Delaware: Wm. G. Taylor, vice-president Delaware Trust Co., Wilmington.

District of Columbia: John Poole, president Federal National Bank, Washington.

Florida: Giles L. Wilson, vice-president Florida National Bank, Jacksonville.

Georgia: Chas. B. Lewis, vice-president Fourth National Bank, Macon.

Idaho: C. H. Coffin, cashier Boise City National Bank, Boise.

Illinois: W. T. Fenton, vice-president National Bank of Republic, Chicago.

Indiana: G. H. Mueller, vice-president Fletcher American National Bank, Indianapolis.

Iowa: L. E. Stevens, vice-president Iowa Loan & Trust Co., Des Moines.

Kansas: C. W. Carey, president National Bank of Commerce, Wichita.

Kentucky: H. D. Ormsby, vice-president and cashier, National Bank of Kentucky, Louisville.

Louisiana: W. W. Bouden, vice-president Whitney Central Trust & Savings Bank, New Orleans.

Maine: Edwin D. Holden, manager Portland C. H. Association, Portland.

Massachusetts: W. A. Burnham, Jr., vice-president National Shawmut Bank, Boston.

Maryland: A. D. Graham, president Citizens National Bank, Baltimore.

Michigan: E. D. Conger, vice-president Peoples Savings Bank, Grand Rapids.

Minnesota: W. F. McLane, cashier Hennepin Co. Savings Bank, Minneapolis.

Mississippi: Oscar Newton, president Jackson-State National Bank, Jackson.

Missouri: J. A. Lewis, vice-president National Bank of Commerce, St. Louis.

Montana: Harry Yaeger, vice-president Great Falls National Bank, Great Falls.

Nebraska: Jas. A. Cline, cashier National Bank of Commerce, Lincoln.

Nevada: J. W. Davey, secretary Reno C. H. Association, Reno.

New Hampshire: Ed. N. Pearson, cashier First National Bank, Concord.

New Jersey: Henry G. Parker, president National Bank of New Jersey, New Brunswick.

New Mexico: G. L. Rogers, vice-president First National Bank, Albuquerque.

New York: W. W. Batchelder, vice-president National Commercial Bank, Albany.

North Carolina: J. V. Grainger, vice-president Murchison National Bank, Wilmington.

North Dakota: F. A. Irish, vice-president First National Bank, Fargo.

Ohio: W. E. Ward, vice-president Union Commerce National Bank, Cleveland.

Oklahoma: Frank J. Wikoff, president Tradesmen's State Bank, Oklahoma City.

Oregon: E. Cockingham, vice-president Ladd & Tilton Bank, Portland.

Pennsylvania: Edward S. Lewis, assistant cashier Philadelphia National Bank, Philadelphia.

Rhode Island: Herbert J. Wells, president R. I. Hospital Trust Co., Providence.

South Carolina: E. W. Robertson, president National Loan & Exchange Bank, Columbia.

South Dakota: W. E. Stevens, president Security National Bank, Sioux Falls.

Tennessee: J. S. McHenry, vice-president Fourth & First National Bank, Nashville.

Texas: Edwin Hobby, vice-president Security National Bank, Dallas.

Utah: E. A. Culbertson, president National Bank of Republic, Salt Lake City.

Virginia: W. M. Addison, vice-president First National Bank, Richmond.

Vermont: E. D. Worthen, treasurer Chittenden County Trust Co., Burlington.

Washington: H. C. McDonald, cashier Seattle National Bank, Seattle.

West Virginia: W. B. Irvine, vice-president National Bank of West Virginia, Wheeling.

Wisconsin: Wm. M. Post, cashier National Exchange Bank, Milwaukee.

Wyoming: A. C. Jones, vice-president First National Bank, Laramie.

J. T.



# National Bank Section

## Plans and Working Organization

Believing that the best results can be attained only through close co-operation on the part of all members of the section and the utilization of the service of every officer and committeeman of the section, a schedule of activities for the current year has been prepared.

These activities have been subdivided and a competent committee has been placed in charge of each subdivision. These committees will be given full responsibility for their respective divisions of the work.

Every member of the section is requested to transmit to the section secretary, 5 Nassau Street, New York, helpful suggestions, and is also invited to call upon the section for information regarding any feature or phase of operation of national banks.

It is the earnest desire of those in charge of the section affairs to render every possible service to the banking fraternity during the coming year.

The activities of the section and its complete working organization are given herewith:

### SCHEDULE OF ACTIVITIES

The National Bank Section will undertake to:

1. Conduct a campaign for a 100 per cent. membership of national banks in the American Bankers Association.
2. Co-operate with the Committee on Federal Legislation to the end that needed constructive legislation only shall be passed.
3. Make arrangements to render a greater amount of service to the members in connection with their transactions with the various departments of the Government at Washington. (This service is now largely that of legislation and of adjusting for the members troubles and differences that cannot be handled by correspondence.)
4. Give attention to the operations of the so-called discount companies. Endeavor to have laws passed that will require public record to be made of all assigned accounts. (To be done in co-operation with committees on Federal and state legislation.)
5. Make effort to get a National Bank Section organized within each state bankers' association.
6. Define duties of State Vice-Presidents and organize them into a council to meet with the executive and various other committeemen of the section at the time of the annual convention and at such other times as may be deemed necessary. (Duties of Vice-Presidents will include:

A—Careful study of legislation, Federal and state, affecting national banks;

B—Co-operating with the Committees on Federal and State Legislation of the American Bankers Association under the direction of the section's Special Committee on Legislation;

C—Keep in touch with members in their respective states with a view of informing the officials of the section on all matters of common interest to members and on which the section can render service.

D—Conduct a campaign for 100 per cent. membership. Other duties will be outlined.

7. Arrange for periodical communication with all members of the section. This communication to be in the form of a bulletin or letter designed to thoroughly inform the members on questions of vital concern to national banks and get their hearty co-operation where the influence of a great number of bankers is needed.

8. Assist in a campaign of education and publicity designed to inform the bankers relative to the new features of

the Federal reserve system covering particularly trade and bankers' acceptances and foreign banking so far as it relates to national banks. This feature will also include the furnishing of information and answering of inquiries from the members of the section regarding the rediscount facilities of the Federal reserve banks—regarding rules, regulations and practices relating to the various phases of the business of national banks.

9. Create a Committee on Legislation to include in its membership as its principal representative in each state the Vice-President of the section for the state. This committee to be authorized to act on all matters that pertain strictly to national banks, and to co-operate with the Committee on Federal Legislation in matters of common interest to all banks.

10. Arrange for the inclusion in the Federal Legislative Council of the Vice-Presidents of the American Bankers Association and the Vice-Presidents of the various Sections of the American Bankers Association in each state.

11. Assist in the preparation of up-to-date forms for the use of banks. Evolve and develop improved plans, methods and systems for the various departments of member banks.

12. Have a special committee appointed charged with the responsibility of studying conditions with the view of making suggestions to the Executive Committee of the section that may be used in aiding the banks throughout the country to equip themselves so as to render the maximum of service during the reconstruction period.

13. Aid in every possible way to encourage the national movement to create new savers, to increase thrift and industry among the people throughout the country, to direct credit into essential channels of production and to mobilize the banking resources of the United States to the maximum. Also study the field of savings business and give the members of the section advice and information as to how to build up this particular department of their business.

14. Accord all possible aid to the treasury and various other departments of the government in the nation's financial program and general war activities.

15. Impress upon the public through newspaper publicity and otherwise the thought that no individual should dispose of his Liberty Bond holdings, either in exchange for other securities or otherwise without first consulting with his banker. (This being done in co-operation with the Capital Issues Committee.)

16. Maintain close relations with the Federal Reserve Board, the Comptroller of the Currency, the National Association of Credit Men and other leading business organizations whose good will and assistance are essential in the proper solution of the important problems that confront the bankers.

The National Bank Section will devote its attention and energies to such other matters of importance and of common interest to its members that may arise during the year.

### WORKING ORGANIZATION

The National Bank Section now has a membership of 6,401 banks. The officers are:

President, Oliver J. Sands, president American National Bank, Richmond, Va.; Vice-President, W. W. Head, vice-president Omaha National Bank, Omaha, Neb.; Chairman, H. H. McKee, president National Capital Bank, Washington, D. C.; Secretary, Jerome Thralls, 5 Nassau Street, New York.

*Executive Committee:* Edward S. Brown, president Mechanics National Bank, New Bedford, Mass.; E. Kirby Smith, president Commercial National Bank, Shreveport, La.; H. H. McKee, president National Capital Bank, Washington, D. C.; J. A. Pondrom, vice-president South Texas National Bank,

Houston, Texas; N. P. Gatling, vice-president Chatham & Phenix National Bank, New York City; Nelson N. Lampert, vice-president Ft. Dearborn National Bank, Chicago, Ill.; J. Elwood Cox, president Commercial National Bank, High Point, N. C.; Oliver J. Sands, president American National Bank, Richmond, Va.; W. W. Head, vice-president Omaha National Bank, Omaha, Neb.

1—*Committee on Secret Assignment of Accounts:* N. P. Gatling, Chairman, c/o Chatham & Phenix National Bank, New York City; Wm. B. Bassett, vice-president Phenix National Bank, Hartford, Conn.; E. E. Wootten, cashier Peoples National Bank, Laurel, Del.

(It is to be the duty of this committee to use its best efforts to the end that laws shall be passed which will require public record to be made of all accounts that are assigned.)

2—*Committee on Legislation:* Nelson N. Lampert, Chairman, c/o Fort Dearborn National Bank, Chicago, Ill.; W. W. Head, vice-president Omaha National Bank, Omaha, Neb.; E. Kirby Smith, president Commercial National Bank, Shreveport, La.

(This committee is to keep thoroughly informed on Federal and state legislation that affects national banks and to have as a working adjunct a committee consisting of the vice-presidents of the section in the various states and to be authorized to act on behalf of the section in all matters that pertain strictly to national banks; co-operating, of course, at all times with the Committees on Federal and State Legislation of the A. B. A. proper.)

3—*Committee on Forms:* J. A. Pondrom, Chairman, c/o South Texas National Bank, Houston, Texas; Wm. S. Irish, vice-president and cashier First National Bank, Brooklyn, N. Y.; S. E. Trimble, vice-president and cashier Union National Bank, Springfield, Mo.; Heyward E. Boyce, vice-president Drivers & Mechanics National Bank, Baltimore, Md.; Chas. L. Zigler, cashier First National Bank, South Bend, Ind.

(It will be the duty of this committee to assist in revising forms for use in the various departments of national banks. It was agreed that forms should be prepared in loose-leaf style so that any bank may get all or any of the forms that are recommended.)

4—*Committee on Post-war Conditions:* W. W. Head, Chairman, c/o Omaha National Bank, Omaha, Neb.; J. B. McCarger, vice-president Crocker National Bank, San Francisco, Cal.; Robert N. Harper, president District National Bank, Washington, D. C.

(This committee to study conditions with the view of making suggestions to the Executive Committee that will aid the banks throughout the country to equip themselves so as to render the maximum of service during the reconstruction period.)

5—*Committee on Acceptances:* Oliver J. Sands, Chairman, c/o American National Bank, Richmond, Va.; W. W. Head, vice-president Omaha National Bank, Omaha, Neb.; E. Kirby Smith, president Commercial National Bank, Shreveport, La.

(This committee was named at Chicago. Its duty is to assist in the campaign of education and publicity designed to inform bankers relative to the new features of the Federal reserve system covering particularly trade and bankers' acceptances and foreign banking.)

6—*State Taxation of National Banks:* J. Elwood Cox, Chairman, president Commercial National Bank, High Point, N. C.; F. W. Foote, vice-president First National Bank, Hattiesburg, Miss.; Charles A. Hinsch, president Fifth-Third National Bank, Cincinnati, Ohio.

(It is the duty of this committee to make a careful study of the subject assigned to it and to use its best efforts to the end that the assets, earnings and stock of national banks in the matter of state taxation shall be accorded treatment equally liberal with that accorded to like property and holdings of individuals, firms and other corporations.)

#### STATE VICE-PRESIDENTS

Alabama: Fred A. Bloodworth, cashier Morgan County National Bank, Albany.

Alaska:

Arizona:

Arkansas: Jo. Nichol, cashier Simmons National Bank, Pine Bluff.

California: J. B. McCarger, vice-president Crocker National Bank, San Francisco.

Canal Zone:

Colorado: Geo. F. Trotter, president Western National Bank, Pueblo.

Connecticut: Wm. B. Bassett, vice-president Phenix National Bank, Hartford.

Delaware: E. E. Wootten, cashier Peoples National Bank, Laurel.

District of Columbia: Robt. N. Harper, president District National Bank, Washington.

Florida: J. M. Fennell, vice-president and cashier Florida National Bank, Gainesville.

Georgia: H. Warner Martin, vice-president Lowry National Bank, Atlanta.

Hawaii:

Idaho: R. J. Comstock, president First National Bank, Rexburg.

Illinois: J. W. Bailey, cashier Union National Bank, Macomb.

Indiana: Chas. L. Zigler, cashier First National Bank, South Bend.

Iowa: J. K. Deming, president Second National Bank, Dubuque.

Kansas: W. R. Guild, president First National Bank, Hialeah.

Kentucky: G. R. Vinson, cashier First National Bank, Louisville.

Louisiana: F. V. Mouton, assistant cashier First National Bank, Lafayette.

Maine: Chas. S. Hichborn, president First National Granite Bank, Augusta.

Maryland: Heyward E. Boyce, vice-president Drivers & Mechanics National Bank, Baltimore.

Massachusetts: Geo. E. King, president Appleton National Bank, Lowell.

Michigan: Gus Hill, president First National Exchange Bank, Fort Huron.

Minnesota: W. J. Clark, president First National Bank, Windom.

Mississippi: F. W. Foote, vice-president First National Bank, Hattiesburg.

Missouri: S. E. Trimble, vice-president and cashier Union National Bank, Springfield.

Montana: David G. Browne, president Stockmen's National Bank, Port Huron.

Nebraska:

Nevada: W. J. Harris, vice-president Farmers & Merchants National Bank, Reno.

New Hampshire: Ira F. Harris, cashier Indian Head National Bank, Nashua.

New Jersey: E. I. Edwards, president First National Bank, Jersey City.

New Mexico: W. D. Murray, president Silver City National Bank, Silver City.

New York: Wm. S. Irish, vice-president and cashier First National Bank, Brooklyn.

North Carolina: W. B. Strachan, cashier First National Bank, Salisbury.

North Dakota: E. J. Weiser, president First National Bank, Fargo.

Ohio: Colonel J. J. Sullivan, president Central National Bank, Cleveland.

Oklahoma: G. E. Dowis, cashier First National Bank, Blackwell.

Oregon: J. A. Thornburgh, president Forest Grove National Bank, Forest Grove.

Pennsylvania: J. G. Bell, cashier First National Bank, Nanticoke.

Philippine Islands:

Porto Rico:

Rhode Island: Geo. B. Waterhouse, president Centreville National Bank, Arctic.

South Carolina: S. R. Spencer, cashier National Union Bank, Rock Hill.

South Dakota: J. J. Lahey, vice-president Mitchell National Bank, Mitchell.

Tennessee: Jos. T. Howell, president Cumberland Valley National Bank, Nashville.



Texas: L. D. Amsler, vice-president Farmers National Bank, Hempstead.

Utah: M. S. Browning, president First National Bank, Ogden.

Vermont:

Virginia: B. V. Booth, vice-president and cashier First National Bank, Danville.

Washington: R. S. Stacy, president National Bank of Tacoma, Tacoma.

West Virginia: Gus Warfield, Jr., cashier Elkins National Bank, Elkins.

Wisconsin: J. J. Sherman, president Citizens National Bank, Appleton.

Wyoming: Harry R. Weston, vice-president First National Bank, Laramie.

State Vice-Presidents to be appointed: Arizona, Nebraska, Vermont, Alaska, Canal Zone, Hawaii, Philippine Islands and Porto Rico. J. T.

## Report of the Committee of Five

At the annual convention of the American Bankers Association at Chicago, September 27, 1918, the Committee of Five submitted the following report. The report was unanimously approved and Thos. B. McAdams, vice-president Merchants National Bank, Richmond, Va.; Fred Collins, cashier Milan Banking Co., Milan, Tenn.; M. J. Dowling, president Olivia State Bank, Olivia, Minn.; Walker Broach, vice-president Whitney Central National Bank, New Orleans, La., and John W. Wadden, president Lake County National Bank, Madison, S. D., were appointed by President Robert F. Maddox of the American Bankers Association, members of the committee with instructions to pursue the work during the current association year.

Exhibit "A," referred to in this report, was sent August 28, 1918, in the form of a pamphlet to every bank and trust company in America.

A large number of the banks have not acknowledged receipt of the report and filed their recommendations with the committee. This has been due to the fact that the bankers throughout the country have been swamped with work in connection with the Fourth Liberty Loan campaign and other war activities.

It is hoped that every banker who received the pamphlet will read the committee's report and recommendations and communicate his views to the secretary, Jerome Thralls, 5 Nassau Street, New York, on the form provided for that purpose.

### REPORT

The Committee of Five has mailed to every member of the American Bankers Association and to all other banks and trust companies in the United States, a statement of their activities during the past year with recommendations.

This statement and recommendations are attached hereto, marked Exhibit A, and are filed as a part of this report. The committee's conclusions are:

1. That further effort at this time to convince the Federal Reserve Board of the correctness of the committee's position would be unavailing.

2. Even though in the opinion of the committee the law as it now stands gives every bank the right to make a reasonable charge within the limits fixed, the language of Sections 13 and 16 is confused and should be clarified. Yet the committee believes that in view of the tremendous demands for patriotic service that are being made upon the bankers' time, it would not be wise to divert their energies to an effort to secure the passage of the amendment prepared by the committee for the purpose of clarifying these two sections of the law. Further, such an amendment would not likely at this time receive the attention it deserves in Congress because of the important war legislation which must receive first consideration.

3. That in accordance with the opinion of the General Counsel of the American Bankers Association, every member bank now has the right to make charges not exceeding 10 cents per hundred or fraction thereof, etc. The question as to whether a suit should be brought under the present conditions to test the law, must, of course, be determined by each bank for itself.

4. The members of the Federal Reserve Board were evidently greatly impressed with the arguments submitted, that it was illogical for the Federal Reserve Banks themselves to make service charges against their members and not permit remitting banks to charge for service along similar lines, as they subsequently eliminated all service charges, which was a reversal of the position previously taken by the Board.

5. The committee should be continued for the purpose of keeping in touch with such developments or changes as may take place in the collection system of the country and with authority to take such further action when and as the committee deems desirable.

THOS. B. McADAMS, Chairman;  
FRED COLLINS,  
M. J. DOWLING,  
GEORGE G. MOORE,  
W. D. VINCENT,  
JEROME THRALLS, Secretary.



# State Bank Section

## Charges for Presenting Drafts and Furnishing Credit Information

The State Bank Section, with nearly 10,000 active and associate members—mostly country banks—is the largest subdivision of the Association, and prides itself on its democratic character. The officers and executive committee of the State Bank Section have planned to establish closer relationship with state banking departments by means of personal visitations as well as correspondence. Efforts will be made to simplify reports wherever possible and compile statistics of state banking institutions in order that the totals may be published periodically, and thus compared with similar statistics regarding national banks furnished by the Comptroller of the Currency. The President and Secretary of the State Bank Section have arranged to communicate with all state banks, whether members of the American Bankers Association or not, requesting suggestions regarding service desired, and a conscientious effort will be made to meet any general desires that may be expressed. Among such services may be newspaper advertising in which the State Bank Section might perhaps co-operate with other sections if mutually satisfactory. The State Bank Section is pursuing a policy of friendliness toward the United States Council of State Banking Institutions in the hope that such council may in due time be found to be unnecessary.

At the Chicago convention the State Bank Section went on record in favor of making reasonable charges for presenting drafts and furnishing credit information. Walter E. Sprecher, cashier of the State Bank of Independence, Independence, Wis., delivered an interesting address on the subject, in which he described a plan successfully operated in Wisconsin. A resolution was adopted recommending a charge of fifteen cents for presenting drafts and a charge of twenty-five cents for furnishing credit information. No charge is to be made for presenting notes nor for presenting drafts with bills of lading attached. In accordance with the resolution thus adopted, the State Bank Section has prepared a card in the accompanying form, for the use of banks that desire to make the prescribed charges.

In his address Mr. Sprecher enumerated the following reasons why wholesalers, manufacturers and jobbers send sight drafts to banks for collection:

1. Banks will collect a sight draft for practically nothing—attorneys charge 10 per cent. or more.
2. To stir up debtor. When a sight draft is sent out, it indicates that the debtor is slow, or careless. It can generally be assumed that the creditor has sent the debtor several bills or dunning letters, and the party in question has paid no attention to same, so he sends it to the bank for collection, believing that the debtor will want to maintain his credit with the bank.
3. We have found that some creditors have used banks in Wisconsin as a collection agency. When a shipment of goods was made, a sight draft immediately followed, and many times the sight draft arrived before the goods were delivered to the debtor's place of business.
4. We have found that the sight draft is sent to a bank as a last recourse before giving it to an attorney for collection. We have found that the storekeeper has refused to settle in

FAILURE TO RECEIVE PRESENTATION FEE ON UNPAID ITEMS AFTER SERVICE HAS BEEN RENDERED BY BANKS has caused the State Bank Section of the American Bankers Association (of which this Bank is a member), to adopt the following Resolution relative to Collections and Requests for Rating—it being the general opinion of bankers that "the laborer is worthy of his hire," and that banks should not be expected to perform these important duties without some remuneration:

**RESOLVED, THAT COLLECTIONS AND REQUESTS FOR RATING** will have our prompt attention PROVIDED same are accompanied by the following fee IN ADVANCE:

Collections .....15 cts. each  
Requests for rating, minimum fee..25 cts. each

Unless such fee accompanies request for this service the item will be returned without presentation or attention. This rule does not apply to Drafts with Bills of Lading attached, or to Notes.

We return the attached and call your attention to our rule. Fees accompanying collections will be credited as part of regular exchange charge on collections made. In complying with request for rating, all statements will be made upon information which this bank believes to be reliable, but further than that it assumes no liability whatever.

Please keep for future reference.

most cases, because of a dispute; goods were substituted or not as represented; were broken or short in number; or the traveling man had given special terms as to payment unknown to creditor.

Mr. Sprecher said:

These are some of the most important reasons. In any and all events the bank is supposed to depart from the regular functions of banking and enter in as an intermediary into something which, upon its face, is unpleasant and not inviting. It is an admitted fact that when these collections leave the office of the maker they are in 75 to 80 per cent. of the cases "lame ducks" if not "dead ducks," for if the debtor is prompt he receives no sight draft. Hence it is therefore but fair that the bank receive a fee for presenting, and if not collected the reason on back of draft should be worth a fee.

If the experience of the Wisconsin bankers, prior to 1915, is a criterion to go by throughout the United States, you will find that 95 per cent. of the banks show a decided net loss at the end of the year relative to sight draft collections. I presume I am safe in saying that this is the only department in a bank that is not on a paying basis. At least it was so with our bank when I came to same at the close of my university career in the fall of 1908. Naturally this was an eyesore, or what might be termed a parasite department. It did not set well, so we made plans to make this department pay. We started in a rather experimental way. We first purchased a little book with an index. Soon a second book, and then when a third was needed I suggested a card system be installed, and on these cards we kept a record of every sight draft that was sent for collection and not paid. We entered the name of the drawer at the top of the page, the date of the sight draft, on whom drawn, and amount charged. Every collection not paid was entered therein. Every collection was returned with the reason for nonpayment written on back of draft, and the request, "Please remit 15c for presentation and postage." If this was remitted we credited same. If no attention was given, which

was generally the case, we waited until a collection was paid, and you will note later that we waited patiently most of the time, and when a collection was paid we balanced the account. This was in a day when one of the employees of the State Bank of Independence had considerable time to spend, and as you can imagine it required a lot of time, and unless someone had the time it was quite impossible to keep up this system and work out the actual overhead expenses, of presenting sight drafts. However, the results of the working of the system was not gratifying. The firms sending sight drafts heeded our request for 15c less than you heed the constant cry of the newsboy in the street; and nine times out of ten, presentations were personal. The result was that the cards showed unlimited numbers of firms where five or six draft presentations were made and we never received one cent for our services. Many of our cards show where six presentations were made before one was paid. Others ten to twelve and still another sixteen, when one draft was eventually paid. We deducted sixteen times 15c, or \$2.40, plus the cost of collecting that item. We sent that firm a statement of parties on whom drawn and the dates drawn, and they never said a word; and now fellow bankers why should they? We gave them personal service sixteen times and received not one penny for our work. Is it reasonable to believe that we owed this service to this firm or any other firm? I think that we should have had 15c every time we made a presentation.

Now let me emphasize the fact right here, as this is the finding in three years' experience of the Wisconsin Bankers' Association, that none of the wholesalers, jobbers, or who they may be, expect to pay for these services. Nor will they pay for these services as our findings have shown, if you make your request when their sight draft is sent back to them, and you have given them the reason why the debtor refuses to pay the sight draft. This is why we make it a prior charge.

This was briefly the experience of the State Bank of Independence in attempting to make the collection department an asset instead of a liability. This went on until the annual meeting of Group Seven in 1913, when I offered the resolution as before read in the Wisconsin Plan, and asked that it be recommended, and that the State Association consider and adopt and put in force said resolution. After explaining this resolution, it was passed, I believe without a dissenting vote.

This resolution is like many people, when they come to the city they get lost. Only this was lost in the Committee on Resolutions—never had the chance to appear before the state bankers in convention assembled. I had learned something, and at our annual group meeting in 1914 I offered the same resolution with an amendment attached, that if same failed to pass the state association that this resolution would automatically be in effect within the group. This again passed the group but failed to pass the state committee on resolutions, whereupon the group secretary informed all members that the above resolution was to be in force at once. I happened to be secretary at that time, and I was very sure that all members in the group were notified.

In 1915 I was asked by our state secretary to present this matter to the state convention, which I agreed to do. I became very much interested to know how extensively this resolution had been used in the group, and with what success. As someone has said, "The proof of the pudding is in the eating," so a circular letter was formulated and sent out to the banks of Group Seven. The returns were so gratifying that when I reported the findings the 1915 convention adopted the resolution unanimously.

Wisconsin banks have now lived under the plan for three years. We have seen sight draft collections put on a paying basis. At least all have received something for the service they have rendered. We now feel, when we go out to present a sight draft, like trying to collect it, if at all possible. Like a boy with something in his stomach he feels like doing things. You can't expect him to work very energetically if he has nothing in his stomach, or hasn't much of a chance of getting anything there. I used to be a boy myself, and when it comes to eating I feel I am quite a boy yet.

Now, in preparing this address for this meeting, I was interested in knowing what the feeling was among the bankers of our state as to the success of the Wisconsin plan. Had it accomplished its purpose? Was it paying bankers for their services as the resolution intended it would? Were they satisfied with the plan? Was it a success? I now again prepared a circular letter and sent out 200 to the bankers of

Wisconsin, believing that if these were sent to every corner of the state to banks in new or old communities, to banks in agricultural, manufacturing and commercial districts, that I would arrive at about as fair a conclusion as if I circulated the whole state. Inasmuch as this letter embodied a report on both collections and rating, I will first take but a short time to discuss the subject of ratings, and then I will submit what I believe to be the exceptional findings of a successful plan.

The question to be considered now is—should banks be required to make out requests for ratings, free of charge? In other words, should banks use the time of their salaried men to go into the files, and if no report there, go and investigate and use such time as necessary and make a report to the credit houses, jobbers, wholesalers and those in the habit of seeking reports without any compensation at all. Does this proposition look square to you bankers? Isn't it just altogether one-sided? Isn't it a case where the bank is giving continuously without receiving anything at all in return? The jobbers, wholesalers and manufacturers pay Bradstreet's and Dun's 50c. for each report they receive from them. Is it just right because it has become a custom with the bankers to give a report free, that they continue, or be expected to continue to do so in the future?

An officer of the Credit Men's Association in Wisconsin stated that, generally speaking, the reports of bankers are more reliable and up to date than the credit houses, and they realize that Dun's and Bradstreet's reports have been made out in part and checked over by bankers, so why should not bankers receive, say, at least 25 per cent. for an average report when there is no chance for banks to recede from reciprocal returns. The State Bank of Independence receives 25c. from all credit agencies to whom they make reports. Why should not the jobbers and wholesalers be expected to pay this 25c. where reciprocal returns cannot be indulged in? I see where there can be an exception to this rule. I can see why banks in Milwaukee, Chicago and other commercial centers, where they must establish a customer's credit, or where they deal in commercial paper and where it is a 50-50 deal, an exchanging service, why they should not charge a fee to the jobber, manufacturer or wholesaler.

In Wisconsin many banks have a sort of unwritten agreement as between banks. Smaller banks not buying commercial paper give gratis reports to their corresponding banks; larger banks buying commercial paper offer all banks in the state ratings free of charge. The reason for this is, as before stated, that we get a service in return equal to that which we render. But why should the sixteen thousand small state banks in the State Bank Section who have no chance to get reciprocal returns from the jobbers and wholesalers not charge? To me this is an injustice, an imposition, and all you small bankers outside of the commercial centers will say the same thing.

Let us for a moment consider some of the forms of reports we are supposed to answer gratis. For instance, here is a report from the National Jewelers' Board of Trade. It contains forty questions. They want to know the name of the debtor, his age, whether married or single, kind of business, wholesale or retail, how long in business, succeeding whom, where formerly located, capital in business, what portion is borrowed, how secured, if incorporated, authorized capital, amount paid in, value of merchandise, chattel mortgages, value real estate, what other means, in other business, ever failed, if so, when and how settled, liability as surety or indorser, any judgments or suits pending, whose favor, amount of insurance, business ability, general reputation, habits, considered honest—and a bunch of other questions, and by the time they get done, if there is anything that they have not asked, I am positive St. Gabriel won't know more on Judgment Day.

Here is another report sent out by the National Lumberman's Manufacturing Association. It would take a man a good half hour in the morning to answer in an intelligent way the information that they ask for. They have it under six different headings; and the questions are very similar to those of the Jewelers' rating.

Another from the Midwest Cement & Rating Co. has twenty-three questions; another oil company twenty-three questions.

These reports I am glad to say are exceptional. It would be worth at least one dollar of any man's time in the bank to



answer these ratings properly; however, we have been doing it free of charge. The general form of request is something similar to the following: "Please tell us in confidence what you know concerning the responsibility, character, manner of meeting obligations, and in your judgment, would he be good for \$75 for thirty days. We understand he is engaged in the garage business and we have received our first order from him, etc."

Replies to these letters, I contend where they can be answered briefly and to the point, giving the creditor the very latest information, should be worth 25c.

I shall prove to you now by letters I have that the large jobbers and wholesalers that have a modern, up-to-date credit department in their own business, do not expect banks to furnish this service free, and I am submitting corporations that have their places of business outside of Wisconsin, and so have possibly not been awakened by the Wisconsin Plan. They fully realize the rating from a bank is a report on John Jones, today. The report from the credit agency is not, many times, checked up oftener than once in three, six or twelve months. If a debtor is shipping, if numerous sight drafts are being sent in, where a few were drawn before, the banks are the first to observe the falling barometer. Here is the proof of my statement:

Sears, Roebuck & Company have printed at the bottom of their general reports they send out, in large bold green type, these words, "This inquiry is accompanied by a fee of 25c." What does this mean to you? One of the largest, most successful stores in the world.

Here's another, a large furniture and carpet company in Chicago; at the bottom of their form is printed in large red type, "This inquiry must be accompanied by a fee of 25c."

Here is a letter from large wholesalers in hardware in Minneapolis in which they state, "We are today in receipt of an order form from a Mr. Blank of your town. They are strangers to us, and we are unable to obtain through the regular channels such information relative to their responsibility and general reputation for meeting their engagements as will permit the extension of credit. We therefore will appreciate such information as you can give us. We are enclosing 25c."

Here is another letter from a large coal company in Chicago. "We enclose herewith stamps amounting to 25c. and desire to thank you for information contained in your letter with reference to Mr. Blank. If it is worth anything it certainly is worth the amount you ask us to pay. We appreciate the information you have given us and same will be considered strictly confidential."

Another large manufacturer of chemicals in Minneapolis states: "We wish to embrace this opportunity to thank you for having forwarded us so promptly report on Mr. Blank. In accordance with your Bankers' Association ruling, we are enclosing herewith 25c. in loose stamps to cover your charges."

A large wholesale hardware and iron merchant of Duluth, Minn.: "We are enclosing stamped envelope for your convenience in replying, also 25c. in stamps for your report, and thanking you in advance for this courtesy, we remain, etc."

I have also a letter from one of the largest and possibly the most successful packing companies in Chicago. I will read at some length excerpt of this letter, as it seems to cover fairly well the question under consideration. I wrote them asking their opinion relative to the Wisconsin Plan. They replied: "We have never raised an objection to the rule adopted by your Bankers' Association of charging 25c. for reports, as we have always believed that information worth having was worth paying for. We are glad to learn that your state association is working on a plan which will enable bankers as a rule to render reliable and complete information and we are sure that the jobbers and manufacturers will not object to paying reasonable fees for such information. Thanking you for the courtesy extended in going into this subject so fully, and with our best wishes, we remain, etc."

I could give you numerous other instances, all carrying the same message, but time does not permit. I believe that I have submitted enough evidence to show that jobbers and manufacturers and wholesalers desiring ratings are willing to pay for services rendered. But just now let me offer a word of caution to you bankers here assembled. When you are paid 25c. for a rating, be sure and give service; be fair, square, apply the Golden Rule. We have found in Wisconsin that in a few instances bankers did not give any better service than when they received no compensation. This is an exception,

I am glad to say. If you don't want to make the report, return the 25c. and say so.

I now wish to refer to the results of the circular letters sent out to bankers in Wisconsin, and give you the results as carefully as I can glean them relative to the Wisconsin Plan. I sent out 200 letters and received 129 replies. I believe you secretaries of state associations will say with me that this is an unusual number of replies; for there are bankers that will never reply to a circular letter, nor a telegram from your legislative committee. Let me first read the seven questions this letter contained, after giving a brief prelude to show what I desire.

I. Do you observe the Wisconsin Plan fully?

II. With whom did you make exceptions, and why?

III. Will you make a conservative estimate how much of a return you have received in the three-year period since 1915? Collections 1915-16, 1916-17, 1917-18? Requests for ratings.

IV. Has getting a small return for your services made you more careful in making collections, and answering requests for ratings?

V. Do you fully believe in the principles of the resolution?

VI. Has the use of the plan retarded the profuse sending of collections and requests for ratings?

VII. Would you favor the adoption of this resolution by the American Bankers' Association?

I believe these questions cover the ground fully. The answers to these questions will determine in your mind if it has not already been done, if you would not like to observe this plan in your state, or have this section or the American Bankers' Association adopt a similar plan.

In answer to the first question, "Do you observe the Wisconsin plan fully?" seventy-two replied, "yes, 100 per cent."; thirty-eight made exceptions principally to their correspondents or to banks having reciprocal returns. This resolution was drawn up to give us a fee when we had no chance to receive reciprocal returns; so we have about 110 out of 129 replies that were it not for reciprocal returns would have lived up to the resolution quite generally. Two banks used a similar system. Four banks did not observe the plan fully, but believed in the principles of the resolution. Eleven did not use the plan at all, several due to local conditions, but eight of these favored the adoption by the American Bankers' Association. These replies bespeak the great favor with which the plan is observed in Wisconsin. I believe there has never been a plan adopted by the Wisconsin banks or any other convention that has been so unanimously successful as the Wisconsin plan of prior charges on collections and requests for ratings.

The second question, With whom do you make exceptions, and why? Those that did make any exceptions replied in the following ways: "We make exceptions to correspondents only; to banks only; to customers who refer to us concerning their standing; correspondents and friends from whom we obtain other business; reciprocal relations with a few corresponding banks; we give credit ratings on our own customers only; Bradstreet's, we secure free service and special ratings in return." I want to call your attention to the fact that those banks that made exceptions at all, 90 to 95 per cent. were those that had reciprocal relations with someone. In all these replies you will observe there is not one that stated they made any exceptions with jobbers, manufacturers or wholesalers.

Question three, Will you make a conservative estimate, how much of a return you have received in the three-year period since 1915? I want to say at the start that it never was the intention of the banks of Wisconsin that this resolution was to be a money maker; *i. e.*, one on which to declare a dividend, but it was to obviate any unpleasant and undesirable feeling that existed with banks that there was a class of business that was done at a clear loss, and which could at least be made to pay for itself. I did not get the replies in dollars and cents I had expected on this third question, as no bank kept a separate account of these returns. However, I have received enough estimates so that you can judge what banks have been giving gratis for years past all over the United States. I will not give the names of banks, or villages, or cities, but the population. You can judge how it will suit your community.



Pop.	Return From (Three Years)								Grand Total 3 Years
	Collection				Ratings				
	1916	1917	1918	Tot.	1916	1917	1918	Tot.	
350	.....\$50	\$65	\$75	\$190	\$10	\$15	\$25	\$50	\$240
500	.....30	30	30	90	20	20	20	60	150
1,000	.....135	135	90	360	150	100	100	350	710
3,800	.....				75	75	75	225	225
7,000	.....135	135	135	405	100	100	100	300	705
15,000	.....50	75	100	225	20	30	30	80	305
18,000	(About \$450 all together. Presume this was for 3 years.)								
40,000	.....46	68	26	140	12	10.75	5	27.75	167.75
	.....75	50	75	200	...	...	50	50	250
Ten banks.....									\$3,202.75

If ten banks collected \$3,200 in three years, what do you imagine that near one thousand banks collected, or let me say eight hundred? All this sum represents service. What would the amount be to bankers in the United States? Think upon it. Custom has been an expensive child in this instance.

Question four, Has getting a small amount for your services made you more careful in making collections and answering requests for ratings? Ninety-one replied, "yes," they were more careful; eleven replied, "no," we always have given service."

Question five, Do you fully believe in the principles of the resolution? 117 of the 129 replied "yes," two "no," one only "as far as collections are concerned." Three made no reply.

Question six, Has the use of the plan retarded the profuse

sending of collections and requests for ratings? Eighty-two replied "yes," eighteen "no," five "could not say."

Question seven, Would you favor the adoption of this resolution by the American Bankers Association? 108 replied "yes," two "no," two stated "prefer to have states adopt such a resolution," one favored adopting collections only, and one had no opinion.

As I began, so I close, with an appeal to you state bankers. Why should you longer follow custom? Why should bankers continue to render service on sight drafts and ratings without receiving a compensation?

## STATE BANKS AND REGISTERED BONDS

The Treasury Department at Washington has ruled that the executive officers of incorporated banks and trust companies organized under the laws of any state, whether or not members of the Federal reserve system, may witness the execution and acknowledgment of the assignments of registered bonds. The full text of the Treasury Department's ruling appears in the Legal Department of the JOURNAL. G. E. A.

## OFFICIAL NOTICE

### STATEMENT FOR OCTOBER 1, 1918

STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACT OF CONGRESS OF AUGUST 24, 1912,  
Of the Journal of the American Bankers Association published monthly at New York, N. Y., for October 1, 1918.

STATE OF NEW YORK, COUNTY OF NEW YORK.—Before me, a Notary Public in and for the State and county aforesaid, personally appeared George Lewis, who, having been duly sworn according to law, deposes and says that he is the editor of the Journal of the American Bankers Association and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 443, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are:

*Name of—*

*Post office address—*

Publisher, Fred. E. Farnsworth  
Editor, George Lewis  
Managing Editor, None  
Business Manager, George Lewis

5 Nassau Street, New York, N. Y.  
5 Nassau Street, New York, N. Y.  
5 Nassau Street, New York, N. Y.

2. That the owners are: (Give names and addresses of individual owners, or, if a corporation, give its name and the names and addresses of stockholders owning or holding 1 per cent or more of the total amount of stock.)

*Name of—*

*Post office address—*

The American Bankers Association

5 Nassau Street, New York, N. Y.

(A voluntary, unincorporated association of 19,129 banks; Robert F. Maddox, Atlanta National Bank, President, and Fred. E. Farnsworth, 5 Nassau Street, New York, General Secretary.)

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages or other securities are: (If there are none, so state.) None

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

5. That the average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the six months preceding the date shown above is.....  
(This information is required from daily publications only.)

(Signed)

GEORGE LEWIS,  
(Signature of Editor.)

(Signed)

HERRICK J. SKINNER.  
Notary Public, Bronx County, No. 81.  
Certificate filed in New York County, No. 433, New York.  
(My commission expires March 30, 1919.)

Sworn to and subscribed before me this 30th day of September, 1918.

[SEAL]

# State Secretaries Section

The State Secretaries Section held its annual meeting Wednesday, September 25, in the Green Room of the Congress Hotel, Chicago, twenty-nine secretaries responding to the roll call. An interesting program had been arranged, which included discussions on various subjects of particular interest to the state secretary and the section was addressed by P. W. Goebel of Kansas City, ex-President of the American Bankers Association; C. A. Hinsch of Cincinnati, the incumbent of the office at that time, and General Secretary Farnsworth. The meeting consisted of two sessions, a buffet luncheon being served at 1:30.

One of the interesting features of the meeting was an exhibit of membership signs, correspondence files, books of proceedings, farm record books and general office appliances. These were displayed for inspection during the entire day of Wednesday and the secretaries present were thus given an opportunity to know what the "other fellow" is doing along these lines.

The general spirit of the meeting seemed to be a firm conviction that the section is not measuring up to its possibilities and that it should be of much greater benefit to itself and the American Bankers Association. This was forcibly brought out by President Bartlett in his address, from which the following is quoted:

During the past year your President has sometimes wondered for just what purposes this section was really constituted. Many times in the present demand for unusual activities, into which all bankers are called, it has seemed that our section might be made more useful by calling upon it for some concerted uniform effort among the banks.

Instead of our section being recognized as an important group of the parent Association, through which concerted effort could, without duplication, bring to attention of all banks important items of interest, most of the requests for activity of bankers have been passed along to officials in the different state associations, as well as through the secretary's office.

Have you not observed that when some assistance is sought by the American Bankers Association officers, not only is the association secretary of each state asked to interest banks in his state along that particular subject, but that the banks are also asked direct from the American Bankers Association office and that other American Bankers Association officials of your state, such as its Vice-President, its Council members and its member of Legislative Council, are also urged to take up the same matter with the same individual banks.

Not only does this appear to be duplication of effort, expense and energy, but I fear that this "duplication of request" is known to all those persons, and some of them will neglect the task, thinking that someone else will perform the work if he does not. The results, therefore, are far from being as satisfactory as if the entire matter had been passed to the Secretaries Section and forwarded direct to each association secretary, with complete information as to just what is wanted and just why the banks should pay attention to it. It may not be out of place to state that our section is a very *inexpensive* section as compared to other sections. For instance, the appropriations made to the various sections last year were as follows:

Section	Appropriation	Salaries
Savings Bank.....	\$11,500	\$5,600
Trust Company.....	10,000	4,600
National Bank.....	7,500	4,700
State Bank.....	6,500	2,200
Clearing House.....	7,000	4,600
SECRETARIES .....	1,250	NONE

Also the appropriation allowed our section (but \$1,250 per year) is very small, and perhaps for that reason does not warrant the parent association in calling upon us for duties other than attending this annual meeting. I am confident the secretaries constituting our membership and the banks with which they are in close touch, embracing as they do a membership nearly twice as great as the American Bankers Association membership, could perform in a very satisfactory manner much bank canvassing and organization work which is not as effective as it might be if centralized.

Does it not seem to you that this section could be made a very successful branch of the great work which the American Bankers Association is called upon to perform? Would not such centralized efforts in our various states avoid much of the present tendency for more associations and an active Secretaries Section thus secure co-operation in all states, among all classes of bankers?

In other words, it has occurred to me during the past year that there should be a greater usefulness for this section if it is to maintain even an annual meeting under the distinguished title of a Section of the American Bankers Association.

Can we not suggest today in a frank, free discussion some means by which we may be more useful to the American Bankers Association and to the banks of our state, for, as secretaries, we represent many, many banks which are not now within the membership of the parent Association and, with some of us, these same banks are paying their proportion of our individual salaries, including our expenses to these meetings. It has occurred to me that this section could effect a saving of time and money by preparing not only uniform office devices and uniform blanks for use of bank and association offices, but that a concerted effort by the officers of this section would benefit our member banks through securing improvements in the form of blanks used by the government in reporting bank income tax, or in disseminating information to all banks as to whether banks are liable for special brokers' tax in the sale of bonds, mortgages, etc. A request from this section for "franking privileges" upon Liberty Loan notices when sent out by banks, as well as a concerted request for the fairness of industrial exemption for bank employees, would secure attention from the authorities at Washington, which a request of an individual secretary or association would not receive. Dissemination of other information to the banks of the country could be made through this section to the secretaries of state associations and thereby furnish valuable information, not only to members of the American Bankers Association, but to nearly all the banks of the country.

Have you not found, brother secretary, that many of the smaller banks in your state are unwilling to pay two membership fees, and have not many of them asked you the question, "What benefit can our bank secure from an American Bankers Association membership that we do not get in your state association?" and sometimes that is a hard question to answer in a way which will bring \$10 to the American Bankers Association. "Protective Department" and "National Legislation" is what most of us fall back upon, but in the latter, the non-member knows that his bank will benefit by the splendid work of Mr. Paton and the Legislative Committee of the American Bankers Association, and most banks feel that they are insured, which makes protective work have little attraction for them.

In speaking of membership, I have made the statement to some of you in personal conversation, that in my opinion, one membership fee should admit a bank to membership in both the State and the American Bankers Association. I still believe that a plan of this kind would bring about far greater co-operation and result in far greater benefit to the banks, as well as greater protection of banks against burglars and swindlers, than can be secured under the present plan. A combination of effort under some such plan would also give us greater power in securing needed legislation in many states.

## A JOINT MEMBERSHIP

With the state associations as the real bank association, securing members and collecting their dues and with the

American Bankers Association as a Council of State Associations, holding annual conferences attended by delegates from each state association, according to its membership, and with non-voting and non-talking visitors permitted to attend, would assure an annual gathering of well-posted, representative bankers, able to discuss banking questions and to formulate the banking policy of the country. A Council with such membership would assure well-posted and capable bankers being selected as such delegates and that to be selected as such would necessitate and secure the attendance of those same men at their state conventions, as was the case ten years ago.

Such a representative association as I would outline is now being most successfully conducted by the National Credit Men's Association, consisting of 125 local associations in that many cities of the country. An association recognized as doing very efficient work for its members by dissemination of credit information, securing of necessary laws in the various states and the preparation of uniform blanks and credit forms—and with a total operating cost of but \$70,000.

#### MONEY EXPENDED FOR MEMBERSHIP

When one stops to figure the amount of money expended by banks for dues in bankers associations, he will perhaps ask himself the question "Is it worth while?" For that reason alone it might be worth a few minutes thought to consider whether this vast expenditure can be reduced without reducing the efficiency of present method, or whether a similar expenditure can be made to produce greater benefits.

During the past year membership dues in bankers associations were paid approximately as follows:

Dues in American Bankers Association.....	\$265,000
Dues in State Associations.....	235,000
Total.....	\$500,000

Included in the above, several city banks have paid for membership in at least a dozen different associations and have also paid the maximum fee in the American Bankers Association, as well as in their own state association.

Secretary George H. Richards of Minnesota read a very interesting paper on uniformity of forms used by banks in the various states, illustrating how a standardization of certain forms would effect a great saving for the banks. As a result of these suggestions, a committee was appointed, consisting of W. C. Mac-

fadden, North Dakota, Chairman; George H. Richards, Minnesota, and M. A. Graettinger, Illinois, to work out something concrete to be presented at the next meeting.

Secretary M. A. Graettinger of Illinois, presented a paper on "Co-operative Co-operation," which pointed out the great need for co-operation between state associations in various directions, particularly stressing the desirability of avoiding conflict of dates for the annual conventions and the group meetings of neighboring states. He offered the suggestion that consecutive convention dates in several nearby states might make it possible to secure a speaker of national reputation who would address all the meetings. Mr. Graettinger made a plea for close co-operation in protective and legislative matters, showing how much unity would bring about results impossible to secure through individual effort.

Some very interesting impromptu talks were made by the several association presidents present, as well as some of the assistant secretaries. The following officers were elected for the ensuing year:

President—F. H. Colburn, San Francisco, Secretary California Bankers Association. First Vice-President—Robert E. Wait, Little Rock, Secretary Arkansas Bankers Association. Second Vice-President—D. S. Kloss, Tyrone, Secretary Pennsylvania Bankers Association. Secretary and Treasurer—M. A. Graettinger, Chicago, Secretary Illinois Bankers Association. Board of Control—George D. Bartlett, Wisconsin; F. H. Colburn, California; J. C. Cardwell, Kentucky; W. B. Hughes, Nebraska; E. J. Gallien, New York.

It may be authoritatively stated that the Secretaries Section expects to become a much more important factor than it has been regarded in the past and we venture the prophecy that this unit will be heard from in no uncertain manner during the year.

M. A. G.

## Institute Prospects

J. C. Thomson, President of the American Institute of Banking, outlines Institute activities for the ensuing year as follows:

"The Institute, on account of its being an educational organization and also because of the great service which it is rendering to the banks, in addition to the efforts of its own members in furthering war work, is an essential organization. The administration this year is planning the work with that idea in mind. Its educational program is being carried out in all the chapter cities, but with special reference this year to the vast number of new employees entering the banks and especially the women. Classes especially designed to assist these people in securing information regarding the practical work of a bank are being held in nearly all chapter cities. As far as possible, the Institute educational program, including the new course

in accounting, is being handled in the usual manner. Committees are being selected with a view to obtaining the best men for each particular position, and also men with the time and facilities to carry on this essential work. In some respects this year may be a hard year, without the chance for important results which have been obtained in the past. The attitude of the members in attendance at the Denver convention convinces the writer that the obstacles this year are going to be turned into opportunities for service by the chapters and Institute members. When the year is over the Institute will undoubtedly be able to look back over a year of real service with the knowledge that they have met every demand for service, and in consequence the organization will be bigger and stronger, and more able to take its place in the period of reconstruction which is undoubtedly ahead of us."



# Officers of State Bankers' Associations

REVISED TO NOVEMBER 1, 1918

## ALABAMA—Organized 1892.

President—Val Taylor, president Canebrake Loan & Trust Co., Uniontown.

Vice-President—B. W. Pruett, vice-president First National Bank, Gadsden.

Secretary-Treasurer—Henry T. Bartlett, cashier First National Bank, Montgomery.

## ARIZONA—Organized 1903.

President—P. P. Greer, president First National Bank, Globe.

Vice-President—M. I. Powers, president Citizens Bank, Flagstaff.

Secretary—Morris Goldwater, president Commercial Trust & Savings Bank, Prescott.

Treasurer—J. R. Todd, manager Gila Valley Bank & Trust Company, Globe.

## ARKANSAS—Organized 1891.

President—Carl Hollis, cashier Merchants & Planters Trust & Savings Bank, Warren.

Vice-President—W. C. Johnson, president Cleburne County Bank, Heber Springs.

Secretary—Robert E. Wait, president Citizens Investment and Security Company, Little Rock.

Treasurer—Frank Farris, cashier Farmers State Bank, Conway.

## CALIFORNIA—Organized 1891.

President—W. D. Longyear, vice-president Security Trust & Savings Bank, Los Angeles.

Vice-President—George S. Meredith, cashier Farmers & Merchants Savings Bank, Oakland.

Secretary—Frederick H. Colburn, Mills Building, San Francisco.

Treasurer—F. O. Cooke, vice-president Mercantile National Bank, San Francisco.

## COLORADO—Organized 1902.

President—W. L. McCaslin, president Farmers National Bank, Longmont.

Vice-President—Frank J. C. Denison, president Drovers State Bank, Denver.

Secretary—Paul Hardey, cashier Interstate Trust Company, Denver.

Treasurer—W. F. Boyd, cashier Saguache County Bank, Saguache.

## CONNECTICUT—Organized 1899.

President—R. LaMotte Russell, president Manchester Trust Co., South Manchester.

Vice-President—W. B. Bassett, vice-president and cashier Phoenix National Bank, Hartford.

Secretary—Charles E. Hoyt, secretary and treasurer South Norwalk Trust Company, South Norwalk.

Treasurer—A. A. McLeod, secretary and treasurer Plainville Trust Co., Plainville.

## DELAWARE—Organized 1913.

President—John G. Townsend, Jr., president Baltimore Trust Co., Selbyville.

Vice-President—John S. Rossell, vice-president Security Trust & Safe Deposit Co., Wilmington.

Secretary-Treasurer—Wm. G. Taylor, vice-president and treasurer Delaware Trust Company, Wilmington.

## DISTRICT OF COLUMBIA—Organized 1901.

President—Corcoran Thom, vice-president American Security & Trust Company, Washington.

First Vice-President—A. G. Clapham, president Commercial National Bank, Washington.

Second Vice-President—M. D. Rosenberg, president Bank of Commerce & Savings, Washington.

Secretary—Eugene E. Thompson, Crane, Parris & Company, Washington.

Treasurer—A. S. Gately, cashier Lincoln National Bank, Washington.

## FLORIDA—Organized 1889.

President—J. A. Griffin, cashier Exchange National Bank, Tampa.

Vice-Presidents—G. G. Ware, Leesburg; J. A. Ormond, Marianna; S. W. Howe, Orlando; R. H. Boyd, De Land; G. W. Neville, Dunnellon.

Secretary-Treasurer—George R. De Saussure, manager Federal Reserve Bank Branch, Jacksonville.

## GEORGIA—Organized 1892.

President—Wm. C. Lanier, president First National Bank, West Point.

Vice-Presidents—T. R. Turner, Haddock; H. Warner Martin, Atlanta; H. P. Hunter, Elberton; E. J. Perry, Bainbridge; C. J. Hood, Commerce.

Secretary—Haynes McFadden, 313 Candler Building, Atlanta.

Treasurer—E. L. Henderson, cashier Commercial Bank, Cedartown.

## IDAHO—Organized 1905.

President—D. W. Davis, president First National Bank, American Falls.

Vice-President—M. B. Gwinn, director First National Bank of Idaho, Boise.

Secretary—J. W. Robinson, secretary Union Savings & Trust Company, Boise.

Treasurer—I. N. Anthes, president Citizens National Bank, Pocatello.

## ILLINOIS—Organized 1891.

President—Charles R. Ireland, cashier Washburn Bank, Washburn.

Vice-President—Nelson N. Lampert, vice-president Fort Dearborn National Bank, Chicago.

Secretary—M. A. Graettinger, 208 So. La Salle Street, Chicago.

Treasurer—Edward A. Heintz, assistant cashier Peoples Trust & Savings Bank, Chicago.

## INDIANA—Organized 1897.

President—Robt. A. Morris, vice-president and cashier Fairmount State Bank, Fairmount.

Vice-President—Ransom W. Akin, cashier Peoples State Bank, Sullivan.

Secretary—Andrew Smith, vice-president Indiana National Bank, Indianapolis.

Treasurer—James O. Sanders, cashier Birdseye National Bank, Birdseye.

**IOWA—Organized 1887.**

President—M. H. Calderwood, president Eldridge Savings Bank, Eldridge.  
Secretary—Frank Warner, 710 Fleming Building, Des Moines.  
Treasurer—O. F. Fryer, president Iowa Loan & Trust Co. and Iowa Savings Bank, Fairfield.

**KANSAS—Organized 1887.**

President—F. H. Franks, president Fort Scott State Bank, Fort Scott.  
Vice-President—J. R. Burrow, president Central National Bank, Topeka.  
Secretary—W. W. Bowman, Topeka.  
Treasurer—A. H. Suter, cashier Commercial National Bank, Hutchinson.

**KENTUCKY—Organized 1891.**

President—E. F. Franks, president United States National Bank, Owensboro.  
Secretary—J. C. Cardwell, Paul Jones Building, Louisville.  
Treasurer—H. R. Prewitt, president Exchange Bank of Kentucky, Mt. Sterling.

**LOUISIANA—Organized 1900.**

President—Frank Roberts, vice-president Calcasieu National Bank of Southwest Louisiana, Lake Charles.  
Vice-President—Chas. deB. Claiborne, vice-president Whitney-Central National Bank, New Orleans.  
Secretary—Eugene Cazedessus, vice-president Bank of Baton Rouge, Baton Rouge.  
Treasurer—W. J. Mitchell, vice-president Commercial National Bank, New Orleans.

**MAINE—Organized 1900.**

President—  
Vice-President—H. M. Lawton, cashier National Bank of Gardiner, Gardiner.  
Secretary—Edward S. Kennard, cashier Rumford National Bank, Rumford.  
Treasurer—George A. Safford, treasurer Hallowell Trust & Banking Company, Hallowell.

**MARYLAND—Organized 1896.**

President—W. S. Gordy, Jr., cashier Salisbury National Bank, Salisbury.  
First Vice-President—Chas. C. Homer, Jr., president Second National Bank, Baltimore.  
Secretary—Charles Hann, assistant cashier Merchants-Mechanics First National Bank, Baltimore.  
Treasurer—Wm. Marriott, cashier Western National Bank, Baltimore.

**MASSACHUSETTS—Organized 1905.**

President—Elmer A. Onthank, president Safety Fund National Bank, Fitchburg.  
Vice-President—Charles G. Bancroft, president International Trust Company, Boston.  
Secretary—George W. Hyde, assistant cashier First National Bank, Boston.  
Treasurer—Josiah H. Gifford, cashier Merchants National Bank, Salem.

**MICHIGAN—Organized 1887.**

President—Otto Schupp, vice-president and cashier Bank of Saginaw, Saginaw.  
First Vice-President—Gerrit J. Diekema, president First State Bank, Holland.

Second Vice-President—John W. Staley, vice-president Peoples State Bank, Detroit.

Secretary—Mrs. H. M. Brown, 1313 Ford Building, Detroit.

Treasurer—H. H. McMillan, cashier Peoples State Bank, Munising.

**MINNESOTA—Organized 1887.**

President—Edgar L. Mattson, vice-president Midland National Bank, Minneapolis.  
Vice-President—M. J. Dowling, president Olivia State Bank, Olivia.  
Secretary—George H. Richards, 611 Northwestern Bank Building, Minneapolis.  
Treasurer—C. H. Draper, president First National Bank, Wells.

**MISSISSIPPI—Organized 1889.**

President—R. C. King, cashier Bank of Commerce, Greenwood.  
First Vice-President—Thad B. Lampton, vice-president Capital National Bank, Jackson.  
Secretary—George B. Power, Jackson.  
Treasurer—E. P. Peacock, president Bank of Clarksdale, Clarksdale.

**MISSOURI—Organized 1891.**

President—F. T. Hodgdon, cashier Farmers and Merchants Bank, Hannibal.  
Vice-President—W. L. Buechle, president Security National Bank, Kansas City.  
Secretary—W. F. Keyser, Sedalia.  
Treasurer—R. F. McNally, vice-president and cashier National Bank of Commerce, St. Louis.

**MONTANA—Organized 1904.**

President—C. F. Morris, vice-president Security State Bank, Havre.  
Vice-President—W. J. Johnson, president First National Bank, Lewistown.  
Secretary-Treasurer—E. A. Newlon, cashier Great Falls National Bank, Great Falls.

**NEBRASKA—Organized 1890.**

President—W. S. Weston, president First National Bank, Hartington.  
Secretary—William B. Hughes, manager Omaha Clearing House, Omaha.  
Treasurer—J. F. Coad, president Packers National Bank, South Omaha.

**NEVADA—Organized 1908.**

President—Moses Reinhart, president Winnemucca State Bank, Winnemucca.  
Vice-President—Arthur Smith, president Copper National Bank, East Ely.  
Secretary—J. W. Davey, secretary Reno Clearing House Association, Reno.  
Treasurer—J. T. Goodwin, cashier First National Bank, Lovelocks.

**NEW HAMPSHIRE—Organized 1913.**

President—J. K. Bates, president First National Bank, Portsmouth.  
Secretary—Harry L. Additon, vice-president and cashier Merchants National Bank, Manchester.  
Treasurer—Arthur T. Cass, cashier Citizens National Bank, Tilton.

**NEW JERSEY—Organized 1903.**

President—E. S. Bartlett, cashier Atlantic City National Bank, Atlantic City.

Vice-President—W. P. Gardner, vice-president New Jersey Title Guarantee and Trust Company, Jersey City.

Secretary—William J. Field, vice-president Commercial Trust Company of New Jersey, Jersey City.

Treasurer—Robert D. Foote, president National Iron Bank, Morristown.

**NEW MEXICO—Organized 1905.**

President—J. J. Jaffa, vice-president and cashier Citizens National Bank, Roswell.

Vice-President—Geo. Ulrick, vice-president Exchange Bank, Carrizozo.

Acting Secretary—R. L. Ormsbee, cashier Capital City Bank, Santa Fe.

Treasurer—C. Hobbs, assistant cashier First National Bank, Roswell.

**NEW YORK—Organized 1894.**

President—Delmer Runkle, president Peoples National Bank, Hoosick Falls.

Vice-President—D. Irving Mead, vice-president National City Bank, Brooklyn.

Secretary—Edward J. Gallien, 128 Broadway, New York.

Treasurer—W. A. Losey, cashier First National Bank, Hagerman.

**NORTH CAROLINA—Organized 1897.**

President—James A. Gray, Jr., treasurer Wachovia Bank & Trust Co., Winston-Salem.

Vice-Presidents—Joseph B. Ramsey, president First National Bank, Rocky Mount; Edwin Sluder, vice-president Battery Park Bank, Asheville; A. M. Dumay, cashier First National Bank, Washington.

Secretary-Treasurer—William A. Hunt, cashier Citizens Bank, Henderson.

**NORTH DAKOTA—Organized 1903.**

President—J. L. Bell, vice-president First National Bank, Bismarck.

Vice-President—J. J. Earley, president Bank of Valley City, Valley City.

Secretary—W. C. Macfadden, Fargo.

Treasurer—A. H. Peterson, cashier State Bank of Morton County, Mandan.

**OHIO—Organized 1891.**

President—M. R. Denver, president Clinton County National Bank, Wilmington.

Vice-President—F. S. Stever, cashier Merchants National Bank, Defiance.

Secretary—Robert H. Schryver, president First National Bank, Mt. Sterling, office of the Association, 805 Wyandotte Building, Columbus.

Treasurer—W. C. Mooney, president Monroe Bank, Woodfield.

**OKLAHOMA—Organized 1897.**

President—Guy C. Robertson, cashier First National Bank, Lawton.

Vice-President—A. L. Churchill, vice-president First National Bank, Vinita.

Secretary—Eugene P. Gum, 908 Colcord Building, Oklahoma City.

Treasurer—Bernie Herstein, president Farmers State Guaranty Bank, Valliant.

**OREGON—Organized 1905.**

President—E. G. Crawford, vice-president United States National Bank, Portland.

Vice-President—C. S. Hudson, president First National Bank, Bend.

Secretary—J. L. Hartman, Hartman & Thompson, bankers, Portland.

Treasurer—A. K. Parker, cashier First National Bank, Joseph.

**PENNSYLVANIA—Organized 1894.**

President—Frank M. Horn, cashier National Bank of Catasauqua, Catasauqua.

Vice-President—Arthur V. Morton, vice-president Pennsylvania Company for Insurances on Lives and Granting Annuities, Philadelphia.

Secretary—D. S. Kloss, Tyrone.

Treasurer—E. R. Thomas, president National Bank of Royersford, Royersford.

**RHODE ISLAND—Organized 1915.**

President—Thomas H. West, Jr., vice-president Rhode Island Hospital Trust Co., Providence.

Vice-President—Michael F. Dooley, president National Exchange Bank, Providence.

Secretary—E. A. Havens, assistant cashier Mechanics National Bank, Providence.

Treasurer—C. H. W. Mandeville, cashier National Exchange Bank, Providence.

**SOUTH CAROLINA—Organized 1901.**

President—J. S. Wannamaker, president St. Matthews National Bank, St. Matthews.

Vice-President—A. E. Padgett, president Farmers Bank, Edgefield.

Secretary-Treasurer—Julien C. Rogers, vice-president and cashier Union National Bank, Columbia.

**SOUTH DAKOTA—Organized 1886.**

President—Alex Highland, vice-president Aberdeen National Bank, Aberdeen.

Vice-President—Harry Wentzy, president Security Savings Bank, Rapid City.

Secretary—F. D. Peckham, president First National Bank, Alexandria.

Treasurer—R. A. Goodwin, vice-president Wakonda State Bank, Wakonda.

**TENNESSEE—Organized 1890.**

President—Chas. A. Lyerly, president First National Bank, Chattanooga.

Vice-Presidents—J. E. Quisenberry, Charleston; R. E. Donnell, Nashville; George E. Farmer, Martin.

Secretary—H. Grady Huddleston, Nashville.

Treasurer—N. Giles Carter, cashier First National Bank, Harriman.

**TEXAS—Organized 1885.**

President—W. W. Woodson, vice-president and cashier First National Bank, Waco.

Vice-Presidents—Denton W. Cooley, Houston; W. R. Norton, Corpus Christi; L. J. Schneider, Austin; Oxsheer Smith, Cameron; Gibbons Poteet, Roxton; W. L. Alwell, Sonora; W. R. Ferguson, Wichita Falls.

Secretary—W. A. Philpott, Jr., Dallas.

Treasurer—John W. McAdams, cashier Winters State Bank, Winters.

**UTAH—Organized 1909.**

President—Thomas N. Taylor, president Farmers & Merchants Bank, Provo.

First Vice-President—James Pingree, president Pingree National Bank, Ogden.

Second Vice-President—E. O. Howard, vice-president Walker Brothers, bankers, Salt Lake City.

Secretary-Treasurer—J. E. Shepard, cashier Cache Valley Banking Company, Logan.

**VERMONT—Organized 1909.**

President—A. H. Chandler, treasurer Bellows Falls Trust Co., Bellows Falls.

Vice-President—Levi H. Bixby, cashier Montpelier National Bank, Montpelier.

Secretary—C. S. Webster, treasurer Barton Savings Bank & Trust Co., Barton.

Treasurer—D. L. Wells, cashier First National Bank, Orwell.

**VIRGINIA—Organized 1893.**

President—G. E. Vaughan, vice-president Peoples National Bank, Lynchburg.

Vice-President—R. G. Vance, vice-president and cashier First National Bank, Waynesboro.

Secretary—V. Vaiden, cashier First National Bank, Farmville.

Treasurer—W. F. Augustine, vice-president Merchants National Bank, Richmond.

**WASHINGTON—Organized 1899.**

President—O. M. Green, vice-president Exchange National Bank, Spokane.

Vice-President—N. B. Coffman, president Coffman-Dobson Bank & Trust Co., Chehalis.

Secretary—W. H. Martin, cashier Pioneer National Bank, Ritzville.

Treasurer—P. M. Serrurier, president Lynden State Bank, Lynden.

**WEST VIRGINIA—Organized 1895.**

President—James A. Sigafosse, cashier Marshall County Bank, Moundsdale.

Vice-President—L. A. Hooper, cashier First National Bank, Bluefield.

Secretary-Treasurer—Joseph S. Hill, cashier Charleston National Bank, Charleston.

**WISCONSIN—Organized 1892.**

President, E. J. Perry, president First National Bank, Fond du Lac.

Vice-President—W. E. Sprecher, cashier State Bank, Independence.

Secretary—George D. Bartlett, 408 Pabst Building, Milwaukee.

Assistant Secretary—Wall G. Coapman, 408 Pabst Building, Milwaukee.

Treasurer—W. A. Blackburn, vice-president State Bank of Bruce, Bruce.

**WYOMING—Organized 1908.**

President—A. D. Johnston, cashier First National Bank, Cheyenne.

Vice-President—A. K. Lee, president First National Bank, Basin.

Secretary—Harry B. Henderson, cashier The Wyoming Trust & Savings Bank, Cheyenne.

Treasurer—J. E. Dowling, president Powell National Bank, Powell.

## Treasury Decision on Income-Tax

By Treasury Decision 2763, a corporation is permitted to file a balance sheet of all its items of property at the close of the six months' period subsequent to the end of the taxable year, or to join with this a balance sheet showing the condition of the corporation at the end of the taxable year, for purposes of comparison and tax-adjustment.

If the amounts retained for necessary maintenance and outgo are reasonable, it will be inferred by the Federal income-tax authorities that the undistributed net income for the taxable year has been employed either for an increase in assets needed for the business, or for a reduction of its business liabilities, which, in either event, complies with the statutory requirements affording exemption from the 10 per cent. super-tax otherwise imposed upon unemployed accumulated and undistributed net corporate income. Both the taxable year and the additional six months, however, must be taken into account, in this computation, viz., eighteen months in all must be included therein.

It should be noted that investment of these undistributed funds in United States securities issued since

September 1, 1917, operates to make them presumptively employed as assets needed for the business or for a reduction of the business liabilities—and hence free from the 10 per cent. super-tax otherwise assessed upon undistributed net corporate income. It must also be borne in mind, as stated in the final paragraph of this ruling, that, although this investment in Government securities prevents to that extent the application of the additional tax of 10 per cent., still it does not altogether eliminate that fund from consideration; and the sum invested must be included when determining the profits or surplus from which any dividends may be distributed. It appears plainly by the text of this ruling that the order in which earnings are to be treated as distributed as dividends must be complied with, when actual distribution takes place. As stated in Treasury Decision No. 2700, and No. 2736 (F. T. I. S., June 21, 1918, p. 2)—“the burden is upon the corporation seeking to establish a distribution in the current year of profits of the preceding taxable year to show that all the earnings of the current year have been first distributed.”



## Title Changes Among Bank Officers

Following is a list of officers' title changes in institutions which are members of the American Bankers Association, reported to the JOURNAL from September 26 to October 25, inclusive. Members will confer a favor by notifying this department immediately of any such changes. Publication will be made only on receipt of information direct from members.

### ALABAMA

Cullman—R. I. Burke appointed cashier Leeth National Bank, succeeding A. Walter Burton, resigned.

### CALIFORNIA

Hanford—R. V. Hall, formerly assistant cashier, elected cashier First National Bank, succeeding James O. Hickman, deceased.

Oakdale—Edward F. Davis elected president First National Bank.

Quincy—A. H. Bar elected president Plumas County Bank; H. H. Bar appointed cashier.

Riverside—R. S. Padget, formerly assistant cashier, appointed cashier National Bank of Riverside, succeeding A. H. Brouse, resigned; D. E. Dobbins, formerly cashier First National Bank of Upland, elected active vice-president.

San Diego—George S. Pickrell, formerly assistant cashier Merchants National Bank of Los Angeles, elected vice-president First National Bank.

Sanger—E. R. Hudson, formerly assistant cashier, appointed cashier First National Bank, succeeding W. M. Barr.

Sebastopol—A. F. Cochran elected vice-president Sebastopol National Bank, succeeding Robert Cunningham.

Upland—Harlow S. Wilson, formerly assistant cashier, appointed cashier First National Bank, succeeding D. E. Dobbins, resigned.

### COLORADO

Colorado Springs—L. E. Burnett elected president State Savings Bank, succeeding R. E. Johnson; Willis V. Sims appointed cashier, succeeding W. E. Johnson.

Durango—K. S. Rucker appointed cashier First National Bank, succeeding K. A. Gagg, deceased.

### FLORIDA

De Funiak Springs—Albert L. Hill, formerly assistant cashier, appointed cashier Cawthon State Bank, succeeding Howard L. Cawthon.

Jacksonville—Bion H. Barnett elected president Barnett National Bank.

Okeechobee—W. R. Gary appointed cashier Bank of Okeechobee, succeeding J. W. Nelson.

Punta Gorda—J. T. Swinney elected cashier First National Bank, succeeding V. K. Bowman, resigned.

St. Petersburg—W. L. Watson, formerly assistant cashier, elected cashier Central National Bank.

### GEORGIA

Bremen—W. L. Long, formerly assistant cashier, elected cashier Bank of Bremen, succeeding C. H. Hudson, resigned.

Brunswick—E. L. Stephen, formerly vice-president, elected president Glynn County Bank, succeeding J. J. Lott, deceased; H. F. du Bignon now vice-president.

Quitman—L. M. Bradford appointed cashier First National Bank, succeeding H. Lane Young; J. R. Davis elected vice-president.

Waynesboro—W. H. Davis elected president First National Bank, succeeding P. L. Corker; Battle Sparks appointed cashier, succeeding G. L. Warren.

### IDAHO

Emmett—Frank Dahlstrom appointed cashier First National Bank, succeeding A. J. Betts.

### ILLINOIS

Catlin—R. Puzey, formerly vice-president, elected president First National Bank, succeeding W. F. Keeney, deceased; Thos. A. Taylor now vice-president.

Chicago—Chas. O. Fetscher, formerly cashier, now vice-president and cashier West Side Trust & Savings Bank.

Elgin—J. Milo Hockett appointed cashier Home National Bank, succeeding Edwin S. Hubbell, resigned.

Mounds—Clyde D. Harris, formerly cashier Anna State and Trust Bank, Anna, appointed cashier First State Bank, succeeding Thomas N. Karraker, resigned.

Moweaqua—M. S. Ayars, cashier Ayars Bank, resigned.

Springfield—Franklin Ridgely, formerly cashier, elected president Ridgeley National Bank, succeeding William Ridgely, deceased; J. A. Johnson now cashier.

Waverly—A. C. Moffet, formerly cashier, elected president First National Bank, succeeding A. W. Regal, resigned; W. H. Rohrer, formerly assistant cashier, now cashier.

### INDIANA

Borden—Ottis W. Scott appointed cashier Borden State Bank, succeeding Murray S. Wilson, resigned; George McKinley elected president, succeeding Charles McKinley, resigned.

Cromwell—Fred Hunt, formerly vice-president, elected president Sparta State Bank; George Bouse now vice-president; J. C. Kimmell appointed cashier.

Tell City—A. R. Schaerer, formerly assistant cashier, appointed cashier Citizens National Bank, succeeding John Conway, resigned.

### IOWA

Aurelia—A. F. Capper appointed cashier Farmers National Bank, succeeding H. F. Reeder, resigned.

Centerville—George M. Barnett, formerly vice-president, elected president Centerville Trust & Savings Bank, succeeding J. L. Sawyers, deceased; Mrs. J. D. Sawyers elected vice-president.

Charles City—George W. Johnson elected president Commercial National Bank, succeeding George E. May, deceased.

Cherokee—Roy H. King, formerly cashier First National Bank, Pringhar, elected vice-president First National Bank.

Clinton—Charles F. Alden, formerly vice-president, elected president Peoples Trust & Savings Bank, succeeding J. H. Ingwersen, resigned to become vice-president First National Bank, Duluth, Minn.; W. W. Cook, formerly cashier, and G. E. Lamb elected vice-presidents; J. L. Bohnson, formerly assistant cashier, now cashier.

Delta—E. E. Phelps, vice-president Peoples Savings Bank, resigned.

Earlham—W. H. Williams appointed cashier Citizens State Bank, succeeding Harry W. Hill, who becomes president, succeeding M. D. Hill, retired.

Lytton—W. A. Sandburg, formerly assistant cashier First National Bank, Rockwell City, appointed cashier Farmers Savings Bank, succeeding G. B. Willhoite, resigned to become cashier Sac County State Bank, Sac City.

Panora—H. M. Culbertson, cashier Citizens State Bank, resigned.

Rembrandt—L. F. Pingel elected cashier First National Bank, succeeding H. C. Berger.

### KANSAS

Gaylord—S. Larrick elected president Valley State Bank. Scandia—J. J. Smith elected vice-president Farmers and Merchants Bank, succeeding D. A. Nywall.

### KENTUCKY

Louisville—Hugh P. Colville, vice-president Citizens National Bank, resigned to become vice-president Central Trust Company of Cincinnati.

### LOUISIANA

New Orleans—Claude G. Rives, Jr., formerly auditor, and Charles B. Thorn elected vice-presidents Interstate Trust and Banking Company.

New Orleans—J. A. Bandi elected vice-president Marine Bank and Trust Company.

## MASSACHUSETTS

Randolph—Asa W. Granger elected treasurer Randolph Trust Company, succeeding Frank Vye, resigned.

Uxbridge—Charles B. Weston, formerly cashier, elected vice-president Blackstone National Bank; Edward R. Grosvenor now cashier.

## MICHIGAN

Morenci—C. M. Rorick, formerly cashier, elected vice-president First National Bank, succeeding S. K. Porter, resigned; A. A. Thompson appointed cashier.

Saginaw—Arthur D. Eddy elected vice-president Second National Bank, succeeding Walter S. Eddy, deceased.

## MINNESOTA

Ada—A. M. Mueller, formerly assistant cashier, appointed cashier First State Bank, succeeding B. F. Tenney, resigned.

Crookston—H. H. Clapp, formerly assistant cashier, appointed cashier Scandia American Bank, succeeding O. Fredricks, resigned.

Frazee—H. E. Kellar elected vice-president First National Bank, succeeding J. H. Meister.

Gilbert—John Seman, heretofore assistant cashier, appointed cashier First National Bank, succeeding H. T. Lindahl, resigned.

Jackson—Asher O. Nasby, formerly cashier, elected vice-president Jackson National Bank, succeeding W. C. Pormann; Bert Knudson, heretofore assistant cashier, now cashier.

Minneapolis—F. E. Bryan, president Bankers National Bank, resigned.

Minneapolis—J. F. Ebersole, formerly cashier, elected vice-president State Deposit Bank, succeeding W. O. Clark; A. V. Smith, formerly assistant cashier, now cashier.

Murdock—John S. McGovern appointed cashier Farmers State Bank, succeeding J. P. Thornton.

## MISSISSIPPI

Jackson—F. E. Gunter, vice-president Merchants Bank and Trust Company, resigned to become vice-president Commercial Trust and Savings Bank, New Orleans.

Tupelo—S. J. High elected active vice-president Peoples Bank and Trust Co.; C. H. Dabbs appointed cashier.

## MISSOURI

Mountain Grove—E. J. Green, formerly cashier, elected vice-president First National Bank; John A. Dennis now cashier.

St. Louis—Raymond F. McNally, formerly vice-president, now vice-president and cashier National Bank of Commerce, succeeding J. A. Lewis who resigned to become vice-president of Irving National Bank, New York.

Springfield—Guy Evans appointed cashier American Savings Bank, succeeding Roy Cox, resigned.

## MONTANA

Billings—Lewis C. Babcock elected president Yellowstone National Bank, succeeding A. L. Babcock, deceased.

Helena—T. H. Richardson, formerly assistant treasurer, elected treasurer The Banking Corporation of Montana, succeeding Ben S. Hill, resigned.

Hobson—W. F. Hannon appointed cashier First National Bank, succeeding Herbert Sadler, resigned.

Lambert—W. F. Winkelmann, vice-president First State Bank, resigned.

Ringling—George K. Robertson elected president State Bank, succeeding J. Stanley Smith.

Roundup—F. F. Finnegan elected president Roundup National Bank, succeeding R. A. Palmeter, resigned.

Shelby—L. A. Murrills appointed cashier First State Bank, succeeding P. C. Bulen, resigned.

Sims—Frank Rhoda elected cashier Sun River Valley State Bank, succeeding J. A. Bjornstad, resigned.

Winifred—E. H. Wiper appointed cashier First State Bank, succeeding George H. Kirk, resigned.

## NEBRASKA

Bridgeport—A. E. Fisher elected cashier Nebraska State Bank, succeeding Carroll Brown.

Brule—H. Welpton elected president First State Bank of

Brule, succeeding J. W. Welpton, deceased; C. C. Worden elected vice-president.

Cedar Rapids—J. S. King elected president Citizens State Bank; F. G. Walker, vice-president; S. Peterson, cashier.

Gering—Lloyd Denslow elected president State Bank of Gering, succeeding Chas. F. Lyman, resigned to become vice-president First National Bank of Hastings; W. H. Lyman elected vice-president, succeeding L. J. Dunn.

Hastings—Charles F. Lyman elected vice-president First National Bank, succeeding W. A. Taylor, resigned.

Polk—P. J. Refshauge elected president Farmers State Bank, succeeding J. W. Wilson; Frank A. Adelson elected vice-president, succeeding Charles A. Niermann, deceased.

Sidney—W. E. Swatzlander, formerly vice-president, elected president First National Bank, succeeding B. A. Jones, retired; Leslie Neubauer appointed cashier.

## NEW HAMPSHIRE

Manchester—Willis B. Kendall, formerly cashier, elected vice-president Amoskeag National Bank; H. Ellis Straw, formerly assistant cashier, now cashier.

## NEW JERSEY

Bound Brook—Charles F. Manchon, formerly assistant secretary Cranford Trust Company, elected secretary and treasurer Bound Brook Trust Company, succeeding R. H. Brokaw.

Plainfield—Theodore V. Stevens appointed secretary and treasurer State Trust Company, succeeding C. B. Veghte, resigned.

## NEW YORK

Binghamton—Walter A. Lester, formerly cashier, appointed vice-president Citizens Bank, succeeding Charles D. Mathews, deceased; G. A. Thompson now cashier.

Buffalo—William H. Hurley, formerly assistant cashier National Bank of the Republic, Chicago, elected vice-president Citizens Commercial Trust Company.

New York—William F. Fitzsimmons, vice-president Atlantic National Bank, resigned; now director.

New York—Albert C. Fuchs, formerly assistant cashier, elected cashier Commonwealth Bank, succeeding John Burckhardt, deceased.

New York—Joseph Walker, Jr., elected vice-president Empire City Savings Bank, succeeding J. Curry Watson.

New York—George W. Berry appointed secretary Irving Trust Company, succeeding George F. Gentes, resigned.

Silver Creek—D. L. Setter, formerly assistant cashier, appointed cashier Silver Creek National Bank, succeeding L. A. Foote, resigned.

## NORTH CAROLINA

Albemarle—D. D. Parker elected cashier First National Bank, succeeding F. L. Ford, resigned.

Winston-Salem—H. F. Shaffner, formerly second vice-president, elected first vice-president Wachovia Bank & Trust Company, succeeding James A. Gray, deceased; James A. Gray, Jr., formerly treasurer, now second vice-president and treasurer.

## NORTH DAKOTA

Bowman—H. E. Wirch appointed cashier State Bank of Bowman, succeeding A. W. Powell.

New Rockford—L. R. Buxton appointed cashier Bank of New Rockford, succeeding E. W. Beardsley.

Nome—D. O. Bye appointed cashier First State Bank, succeeding M. T. Bye.

## OHIO

Cincinnati—Rudolph A. Koehler, vice-president Union Savings Bank and Trust Company, resigned.

Cleveland—C. A. Paine, formerly president, elected chairman of finance committee National City Bank; H. V. Shulters elected president.

Cleveland—E. M. Folsom elected vice-president Peoples Savings Bank Company, succeeding Geo. H. Warmington.

Dayton—Fred W. Hecht, formerly assistant cashier, appointed cashier American National Bank, succeeding Joseph Schumacher, resigned.

South Charleston—J. F. Rankin, heretofore cashier, elected vice-president Bank of South Charleston; T. S. Orbinson, now cashier.

## OREGON

Burns—A. C. Welcome, formerly assistant cashier, elected vice-president First National Bank; E. H. Conser appointed cashier, succeeding J. L. Gault, resigned.

## PENNSYLVANIA

Ardmore—John S. Wilson appointed cashier Ardmore National Bank, succeeding C. R. Cornman, resigned.

Bridgeport—Jerome W. Connelly, formerly cashier, elected president Bridgeport National Bank, succeeding Charles H. Mann, deceased; R. O. Kriebel appointed cashier.

Dillsburg—R. B. Nelson appointed cashier Dillsburg National Bank, succeeding D. W. Beitzel, deceased.

Hellam—Amos Strickler elected president Farmers State Bank, succeeding Benjamin Stoner, resigned.

Hummelstown—F. C. Witmer elected cashier Hummelstown National Bank, succeeding R. I. Deihl, resigned.

Lebanon—A. R. Bowman appointed cashier Valley National Bank, succeeding W. H. Kneidler, resigned.

Middletown—John J. Landis, formerly vice-president, elected president Citizens National Bank, succeeding H. S. Roth; A. L. Etter now vice-president.

Millersville—Paul V. Helne appointed cashier Millersville National Bank, succeeding I. N. Witmer, resigned.

Nazareth—M. T. Swartz, formerly vice-president, elected president Nazareth National Bank, succeeding Thomas Cope, now chairman of board; John A. Miller elected vice-president.

Philadelphia—C. H. Harding, formerly vice-president, elected president Bank of North America, succeeding H. G. Michener, deceased.

Philadelphia—Fred F. Spellissy, formerly assistant cashier, appointed cashier Market Street National Bank, succeeding William P. Sinnott, formerly vice-president and cashier, now vice-president.

Philadelphia—Francis A. Lewis elected president Real Estate Title Insurance and Trust Company, succeeding Emil Rosenberger, resigned.

## RHODE ISLAND

Providence—William A. Gamwell, vice-president Rhode Island Hospital Trust Company, retired.

## SOUTH CAROLINA

Andrews—R. H. Moseley appointed cashier Bank of Andrews, succeeding D. L. Moyd, resigned.

Greenville—H. J. Winn, formerly assistant cashier, appointed cashier Fourth National Bank, succeeding A. L. Mills, deceased.

## SOUTH DAKOTA

Armour—D. H. Raben elected president Citizens State Bank, succeeding S. Wenzlaff, resigned; E. E. Edwards appointed cashier.

Bruce—R. J. Skarloken, formerly cashier, elected vice-president Farmers State Bank; L. G. Dokken now cashier.

Flandreau—Leo Patratz, formerly assistant cashier, appointed cashier Farmers State Bank, succeeding L. B. Halverson.

Garretson—J. L. Gerber appointed cashier First National Bank, succeeding C. W. Goodsell, resigned to become cashier First National Bank, Frederick.

Mobridge—J. J. Bentz appointed cashier First National Bank, succeeding A. W. Rowlee.

## TENNESSEE

Nashville—P. D. Houston elected president American National Bank, succeeding W. W. Berry, now chairman of board; Paul M. Davis elected vice-president; E. R. Burr, formerly assistant cashier, appointed cashier, succeeding N. P. Lesueur.

## TEXAS

Killeen—W. E. Wicker, appointed cashier First National Bank, succeeding J. D. Steakley, resigned.

Matador—F. C. Bourland, formerly assistant cashier, elected cashier First State Bank, succeeding John Burleson, resigned.

Valley View—T. J. Price elected active vice-president First Guaranty State Bank; L. C. Sebastian appointed cashier.

Waller—H. A. Mathews appointed cashier Guaranty State Bank, succeeding A. W. Umland.

Waxahachie—Lynn D. Lasswell elected vice-president Waxahachie National Bank; Harris McIntosh appointed cashier.

Wichita Falls—C. E. McCutchen, formerly cashier, elected active vice-president First National Bank; L. R. Buchanan now cashier.

## UTAH

Park City—Thomas Kearns, formerly vice-president, elected president First National Bank, succeeding David Keith, deceased; James Farrell now vice-president.

## VIRGINIA

Hopewell—H. J. Watkins, Jr., formerly cashier, elected president National Bank of Hopewell; Lewis Shelby appointed cashier.

Lynchburg—Giles H. Miller, cashier First National Bank, resigned, to become vice-president National Bank of Commerce, Norfolk; J. D. Owen, formerly assistant cashier, appointed cashier.

Norfolk—S. L. Slover elected president Merchants and Planters Bank, succeeding Alvah H. Martin, deceased.

## WASHINGTON

Concrete—L. A. O'Brien elected president State Bank of Concrete, succeeding J. C. Wixson; L. A. Crowell elected vice-president, succeeding J. Guddall.

Spokane—Milton Nussbaum elected president Spokane State Bank, succeeding J. A. Anderson, resigned; W. S. Freeman, formerly assistant cashier, appointed cashier.

## WISCONSIN

Bancroft—Jesse L. Judd, formerly assistant cashier, appointed cashier Bancroft State Bank, succeeding Harold Ostrum.

Crandon—Harold Ostrum appointed cashier First National Bank, succeeding O. J. Swanson.

Hilbert—J. W. Grupe elected second vice-president State Bank of Hilbert.

Independence—August Mish appointed cashier Farmers & Merchants Bank, succeeding Paul Schulze.

Kewaunee—J. G. Walecka appointed cashier Farmers and Merchants State Bank, succeeding W. C. Edwards, resigned.

Ladysmith—N. J. Smith elected president State Bank of Ladysmith, succeeding R. O. Sinclair; F. I. Hughes and J. A. Michaelson elected vice-presidents; J. O. Sinclair, cashier, resigned.

Omro—Hy. Siefert elected second vice-president Peoples Bank.

Union Grove—W. D. White appointed cashier State Bank of Union Grove, succeeding O. P. Graham, resigned, to become cashier First National Bank of Racine.

Wausau—C. G. Krueger, formerly assistant cashier, appointed cashier First National Bank, succeeding A. H. Grout.

West Bend—Mrs. Grace B. Henry elected cashier First State Bank, succeeding E. J. Altendorf.



## Registration at the Association Offices

REPORTED FROM SEPTEMBER 26 TO OCTOBER 26, 1918

Blackford, F. H., vice-president Peoples Trust & Guaranty Company, Hackensack, N. J.  
 Clement, G. Y., Philadelphia, Pa.  
 Clement, John B., second vice-president, secretary and treasurer Central Trust Company, Camden, N. J.  
 Colburn, Frederick H., secretary California Bankers Association, San Francisco, Cal.  
 Crawford, E. G., vice-president United States National Bank, Portland, Ore.  
 Crosby, J. S., Grand Rapids, Mich.  
 Dinkins, Lynn H., president Interstate Trust & Banking Co., New Orleans, La.  
 Dismukes, John T., president First National Bank, St. Augustine, Fla.  
 Drum, John S., president Savings Union Bank and Trust Co., San Francisco, Cal.  
 Enright, C. F., commissioner State of Missouri, Jefferson City, Mo.  
 Euchner, P. C., secretary Livingston County Trust Co., Geneseo, N. Y.  
 Green, A. E., vice-president Security Trust Co., Detroit, Mich.  
 Green, Thomas D., proprietor Hotel Woodward, New York, N. Y.

Hamilton, T. M., cashier Delaware County National Bank, Chester, Pa.  
 Hoge, James D., chairman of board Union Savings & Trust Co., Seattle, Wash.  
 Johnson, E. L., director Federal Reserve Bank of Chicago.  
 Knox, De Witt, vice-president National Bank of the Republic, Salt Lake City, Utah.  
 Lersner, V. A., comptroller Williamsburg Savings Bank, Brooklyn, N. Y.  
 McWilliam, E. G., Guaranty Trust Co., New York, N. Y.  
 Pack, Charles L., Lakewood, N. J.  
 Rankin, J. F., vice-president Bank of South Charleston, South Charleston, Ohio.  
 Singer, M. A., New York, N. Y.  
 Taylor, O. B., vice-president Wayne County & Home Savings Bank, Detroit, Mich.  
 Van Name, M. I., Collins Publicity Service, Philadelphia, Pa.  
 Warren, W. C., president Bankers Publishing Co., Boston, Mass.  
 Wight, G. T., Association of Life Insurance Presidents, New York, N. Y.

## Mortuary Record of Association Members

REPORTED FROM SEPTEMBER 25 TO OCTOBER 25, 1918

Breitwieser, C. E., vice-president South Side Trust Co., Pittsburgh, Pa.  
 Brooks, C. W., president Cambridge State Bank, Cambridge, Kan.  
 Clark, Perry N., cashier Farmers State Bank, Rogers, Ark.  
 Conderman, vice-president and director Union National Bank, Philadelphia, Pa.  
 Conrad, G. A., director St. Clair Savings & Trust Co., Pittsburgh, Pa.  
 Davison, Matthew, Sr., director Union Trust & Savings Bank, Flint, Mich.  
 Ealy, J. M., president State Savings Bank, Caro, Mich.  
 Fabens, E. J., president and director Naumkeag Trust Co., Salem, Mass.  
 Fox, J. E., cashier First National Bank, Rockwood, Tenn.  
 Gittins, J. S., president State Bank of De Pere, De Pere, Wis.  
 Lampert, Nelson N., vice-president Fort Dearborn National Bank, Chicago, Ill.  
 Lee, F. M., vice-president Reno National Bank, Reno, Nev.  
 Losee, Edgar Dale, manager Seventy-second Street Branch Corn Exchange Bank, New York, N. Y.

Niermann, Charles, vice-president Farmers State Bank, Polk, Neb.  
 Peabody, Frank E., Kidder, Peabody & Co., Boston, Mass.  
 Pine, Will L., cashier First National Bank, Spearville, Kan.  
 Scott, J. F., cashier Allen County State Bank, Iola, Kan.  
 Smyth, J. P., director St. Clair Savings & Trust Co., Pittsburgh, Pa.  
 Townsend, L. S., vice-president Security Trust & Safe Deposit Co., Wilmington, Del.  
 Welpton, J. W., president First State Bank, Brule, Neb.  
 Wentworth, R. S., banker, Boston, Mass.  
 Williams, George H., cashier Danbury National Bank, Danbury, Conn.  
 Williard, F. T., assistant secretary Citizens Trust & Savings Bank, Columbus, Ohio.  
 Wilson, Amos E., president First National Bank, Leavenworth, Kan.  
 Wilson, E. L., assistant bank commissioner of Oklahoma, Oklahoma City, Okla.  
 Wright, T., vice-president Third National Bank, St. Louis, Mo.

## Resolutions on the Death of James M. Donald

The Executive Council of the American Bankers Association in session at Chicago, September 27, on learning of the death of James M. Donald in New York, adopted the following resolutions:

*Whereas*, The Executive Council of The American Bankers Association, assembled in annual meeting in Chicago, Ill., on September 23, 1918, received with profound sorrow and deep emotion the announcement of the death, on September 22, of James Mackie Donald, former Chairman of the Board of Directors of the Hanover National Bank of the City of New York:

Mr. Donald began his career as a banker in 1873 and took a prominent part in the organization of The American Bankers Association in 1875. His devotion to his bank, as well as his keen interest in the work and welfare of this Association, makes the record of those years one which will live

in the hearts of his associates and stimulate them to continuous and unwearied effort in carrying on the great service which they render to business and to the country. It was through untiring attention to his duties and the consecration of his splendid abilities to his work that he rose to a position of leadership and his services command the grateful recognition, not only of his immediate banking associates, but of The American Bankers Association, which he loved and served so well;

*Be It, Therefore, Resolved*, That the sincere sympathy of this Executive Council be extended to his bereaved family, and it is ordered that this tribute of esteem be communicated to them and to the Hanover National Bank.

Signed by the Committee:

B. E. SMYTHE,  
 JOHN W. PLATTEN,  
 GEORGE E. LEWIS (Chairman).



## Membership Changes

REPORTED FROM SEPTEMBER 25 TO OCTOBER 25, 1918

There are frequent changes which come about through consolidations, mergers, liquidations and changes of title. The General Secretary of the Association would appreciate receiving from members notice of any changes which occur, for the purpose of keeping the membership list correct and giving publicity through the columns of the JOURNAL.

California.....	Garden Grove.....	Bank of Garden Grove changed to First National Bank.	New Jersey.....	Paterson.....	Silk City Trust Company absorbed by United States Trust Co.
	Santa Rosa.....	Santa Rosa National Bank suspended.	North Carolina...	Dunn.....	Bank of Cape Fear merging with First National Bank.
Colorado.....	Coloflats.....	Citizens State Bank now same as Branson, new name of post-office.	North Dakota...	Kenmare.....	Farmers and Merchants State Bank closed.
	Marble.....	Marble City State Bank discontinued business.	Ohio.....	Canton.....	Isaac Harter & Sons merged with First Trust & Savings Bank.
	Mead.....	Mead State Bank succeeded by First National Bank.		Cleveland.....	Lincoln Savings and Banking Company merged with Pearl Street Savings and Trust Co.
Delaware.....	Georgetown.....	First National Bank succeeded by Delaware Trust Co.		Dayton.....	Fourth National Bank bought by Dayton Savings & Trust Co.
District of Columbia.....	Washington.....	Munsey Trust Co., 15th & H Streets, N. W. Branch, discontinued.	Oklahoma.....	Coalgate.....	Coalgate State Bank merging with First National Bank.
Florida.....	Fernandina.....	Citizens National Bank in liquidation.		Tar River.....	Mineral Belt Bank in hands of State Banking Department.
Georgia.....	Macon.....	Continental Bank and Trust Co. changed to Continental Trust Co.	Pennsylvania....	Philadelphia....	Stephens & Company retired from business.
Illinois.....	Chicago.....	Illinois State Bank merged with Greenbaum Sons Bank & Trust Co.	South Carolina...	Greenville.....	City National Bank out of business.
Indiana.....	Fort Wayne.....	German-American Trust Company, also its South Branch changed to Lincoln Trust Co.		Whitmire.....	Wm. Coleman & Co. merged with Bank of Whitmire.
	Markleville.....	Markleville Bank succeeded by Markleville State Bank.	Texas.....	Bonham.....	Fannin County National Bank succeeded by Fannin County Bank.
Iowa.....	Berlin.....	German Savings Bank changed to Lincoln Savings Bank, Lincoln.	Utah.....	Delta.....	Delta State Bank succeeded by First National Bank.
	Halbur.....	German Savings Bank changed to Farmers Savings Bank.		Salt Lake City...	Merchants Bank in receiver's hands.
	Roland.....	Roland Savings Bank converted to First National Bank.	Virginia.....	Louisa.....	Farmers and Merchants Bank, merging with Bank of Louisa.
Maryland.....	Baltimore.....	German Bank of Baltimore changed to National Central Bank.	Wisconsin.....	Merrill.....	German-American State Bank changed to American State Bank.
Massachusetts...	Boston.....	Francis Henshaw & Company in liquidation.	Canada.....	Toronto, Ont.....	Northern Crown Bank taken over by Royal Bank of Canada.
	Boston.....	R. S. Wentworth, private bank, closed.	Mexico.....	Chihuahua.....	Chihuahua.....
Missouri.....	Boonville.....	Farmers Bank merged with Boonville National Bank.			Banco de Sonora discontinued.
	St. Louis.....	Union Station Bank succeeded by Union Station Trust Co.			

## New Members from September 26 to October 25, 1918, Inclusive

### California

First National Bank, Baldwin Park 90-829.  
Imperial Valley Bank, Westmorland Branch, Brawley 90-879.  
Farmers & Merchants National Bank, Calipatria 90-824.

### Illinois

American State Bank, Livingston 70-1697.  
State Bank of Sterling, Sterling 70-299.

### Indiana

The Haubstadt Bank, Haubstadt 71-775.  
New Paris Bank, New Paris 71-860.

### Iowa

Peoples National Bank, Independence 72-258.  
First National Bank, Inwood 72-894.

### Maryland

Calvert Bank, Baltimore & Carey Sts. Branch, Baltimore 7-75.  
Calvert Bank, Gay & Monument Sts. Branch, Baltimore 7-75.  
Calvert Bank, Light & Cross Sts. Branch, Baltimore 7-75.  
Calvert Bank, 1808 Pennsylvania Ave. Branch, Baltimore 7-75.

### Massachusetts

Equitable Trust Co., Boston 5-164.

### Michigan

Bank of Fountain, Fountain 74-647.  
American Savings Bank, Pontiac 74-109.  
E. K. Warren & Co., Three Oaks 74-436.

### Minnesota

Palisade State Bank, Palisade 75-1052.

### Mississippi

Security State Bank, Starkville 85-145.

### Missouri

Bank of Guilford, Guilford 80-841.

### Montana

Stockmens National Bank, Columbus 93-472.

### Nebraska

Bank of Cheney, Cheney 76-683.  
Farmers State Bank, Pickrell 76-839.

### New Jersey

First National Bank, Wrightstown 55-489.

### New York

Mechanics Bank, Broadway Branch, Brooklyn 1-355.

### Ohio

Morrall Banking Co., Morrall 56-1055.

### Oklahoma

American National Bank, Idabel 86-298.

### Pennsylvania

Columbia County Trust Co., Bloomsburg 60-594.  
First National Bank, Hastings 60-1492.

### Texas

First State Bank, Leonard 88-1469.  
First State Bank, Rio Hondo 88-1417.  
Central State Bank, Sherman 88-44.

### Wisconsin

Farmers & Merchants State Bank, Evansville 79-281.

